



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>





137
1.5



*Doddy P. Bailey
Everett, Mass.,
Oct. 24, 1884.*

137

221.5

A PRELIMINARY REPORT

c

ON THE

TREATY OF RECIPROCITY

WITH

GREAT BRITAIN,

TO

REGULATE THE TRADE BETWEEN THE UNITED
STATES AND THE PROVINCES OF BRITISH
NORTH AMERICA.

PREPARED BY

E. H. D E R B Y ,

AT THE REQUEST OF

THE SECRETARY OF THE TREASURY OF THE UNITED STATES.

WASHINGTON, D. C.:
TREASURY DEPARTMENT.

1866.

11/13/35

CONTENTS.

	PAGE.
Early Colonial Policy of Great Britain,	5
Seclusion of Colonies,	6
The Free Trade Policy of Great Britain,	6
Protection withdrawn from the Colonies,	6
The Lever to open our Home Markets,	7
Sketch of the Growth of the Fisheries,	7
Services of Fishermen in Four Wars,	7
Treaty of 1783. Provision as to Fisheries,	8
Progress of Fisheries to 1804. Exports,	8
Provision of Treaty of Ghent,	8
Opinion of John Adams as to Fisheries,	9
Convention of 1818. Three mile line,	9
Construction of Treaties,	9
Annexation of Cape Breton to Nova Scotia,	10
Claims to exclusive use of Bays of Fundy and Chaleurs and Strait of Gaspé,	10
The British Flotillas,	10
Reciprocity Treaty,	11
Cessation of Trespasses and Complaints,	11
Exports and Imports of the Provinces,	14
Change in the Balance of Trade,	16
Exports and Imports of Great Britain,	18
Defects of the Treaty,	18
Admission of Salt, Tools and Implements,	18
Terms for new Treaty,	20
Growth of Commerce with the Provinces,	21
Population and Revenue of the Provinces,	21
Canada; her Revenue and Commerce,	22
Canadian Policy and Plans,	24
Inducements to the Treaty,	25
Report of Congressional Committee on Commerce,	25
Rise of Canadian Duties,	26
Free Ports,	27
Canadian Ministry,	28
Canadian Measures,	28
Importations by St. Lawrence,	29
Coasting Trade,	30
Benefits of Treaty,	30
Maritime Provinces. Exports and Imports. Tonnage,	32
Nova Scotia: Commerce, Mines, and Shipping,	33
New Brunswick: " " "	35
Prince Edwards Island: " " "	36
Newfoundland and Fisheries,	36
Vancouver's Island and British Columbia: Commerce, Mines and Shipping,	37

	PAGE.
British Provincial Fisheries,	38
French Fisheries,	39
French Bounties,	39
U. S. Fisheries,	41
Oppressive Duties. Partial Remission,	42, 44, 46
Tonnage, vessels, and men, employed,	42, 44, 46
Claims of the Fisheries,	46
Is a Treaty desirable?	47
The period favorable for Negotiation,	47
Conciliation our True Policy,	47
Navigation of the St. Lawrence and Ship Canals,	47
Deepening of Lake St. Clair,	48
Canal around Niagara Falls, and to the Hudson,	49
Duties on Products of the Provinces,	51
Impolicy of Duty on Animals, Wool, Oats and Flour,	52
Possibility of light Duties on Lumber, Fish, Coal and Barley,	55
Fishing Vessels not to be confiscated,	57
Registry of Ships,	59
Commissioners,	61
Three great Rights of the Union,	62
British Treaties,	62
Cession of Territory,	64
Provisions for a new Treaty,	65
Discontinuance of Free Ports,	65
Discouragement of Illicit Trade,	65
Assimilation of Duties,	65
Enlargement of Free List,	66, 69
Specific Duties,	66, 69
Patents and Copy-rights,	66, 69
Discriminations to be abolished,	66, 69
Protection of Fisheries,	67
Result of Conferences,	68
Prolongation of Treaty,	68
 Tabular Statements,	71
Caughnawaga Canal,	80
Smuggling on the Frontier,	81
Extract from Speech of J. Johnston, Esq., of Milwaukee, at Detroit, in 1865,	82
Extract from Speech of Hon. Joseph Howe, of Nova Scotia, " "	82
Extract from Speech of George H. Perry, of Ottawa, C.E., " "	84
Extract from the Speech of Duncan Stuart, Esq., at Detroit,	88
Letter of Messrs. Dean and Law, of Prince Edwards Island, as to Fisheries,	88

REPORT.

To the Hon. HUGH MCCULLOCH, Secretary of the Treasury:

In conformity to your wishes I have devoted much time to the Reciprocity Treaty, and respectfully submit the results.

The subject is one which has important relations both to the foreign policy of the country and to the Fisheries, Commerce, Customs, and Internal Revenue, confided to your care, and the termination or renewal of the Treaty must affect the report of the Commissioners appointed under the recent Act of Congress, to revise the revenue system.

It is therefore important to determine if there is an exigency for a new treaty; and if there is, what modifications are required to adapt it to the present state of our finances, and what changes are necessary to supply any defects disclosed by the light of our experience for the ten years of its continuance. A Treaty under which our commerce with the Provinces has increased threefold, or from \$17,000,000 in 1852, to \$68,000,000 in 1864, is not to be abandoned, or the amity which now exists between contiguous nations of the same origin to be endangered, without careful investigation and conclusive reasons.

For half a century, from 1776 down to 1830, it was the policy of the mother country to restrain the United States from a free commerce with the Provinces, although often urged by us to free the Provincial trade from its restraints. At times the trade with the Provinces was entirely interdicted; at others, gypsum and grindstones could be obtained upon the frontier at Eastport and Lubec only by an evasion of the law.

In 1830 under the McLean arrangement, trade was resumed under heavy duties and restraints. Down to this period we knew Quebec as the chief fortress, and Halifax as the chief naval station of the British Empire upon our side of the ocean,

rather than as marts of commerce, and there was little fellowship between us and the Provincials, many of whom were descended from the Loyalists who followed the British troops from our shores.

Asperity of feeling gradually wore away after the resumption of trade. And in 1844, Great Britain, having acquired an ascendancy in the arts and in capital, and set in motion her steam-power, which Mr. Howe, of Nova Scotia, in his recent speech at Detroit, considers equal to the force of 800,000,000 of men, became an advocate of free trade, so far as it applies to the importation of materials and the exportation of manufactures. Having reached a high point in the cultivation of her soil, she desired to increase her supplies of breadstuffs and thus cheapen skill and labor, and aimed to furnish all nations with her numerous manufactures fashioned from their rude materials by the force she had warmed into life, which toiled for her without fee or reward.

To accomplish this object, she was obliged to repeal many protective duties, and to admit wheat and provisions and varied productions of foreign lands in competition with those from her Colonies.

Her Colonies were exasperated and it soon appeared that she could not retain their allegiance, without providing for them new markets and giving a new stimulus to their navigation and fisheries. She became solicitous also to carry her principle of free trade into the United States, and make a treaty with the Colonies an entering wedge for new commercial undertakings.

Canada had thus far relied upon her vast rafts of timber floated down the St. Lawrence to Quebec, and her ships built for sale at Liverpool and Glasgow for exports, and she saw with dismay the pine and fir of Norway supersede her timber, and the iron steam-ship displace the ships and steamers she was building at Quebec.

She began to seek a new avenue to the sea, through New York and New England, and new markets in our growing cities and villages for the products of her agriculture.

Nova Scotia, with forests and fisheries at her gates, and beds of coal and gypsum bordering on the sea, desired free access to our great seaports to dispose of her fish and coal, and give employment to her seamen.

The British Isles and the Colonies continued to press for Reciprocity. They found the United States engaged in the development of their agriculture and manufactures, with progressive navigation, and not prepared for so important a change; but the Provinces were urgent; they were able to show the patronage they would give to railways and manufactures. Articles were written for magazines and active agents retained, but the lever with which they moved the United States was a combination against her fisheries—the cod, herring and mackerel fisheries of the United States.*

The English who first came to our shores embarked in the fisheries, and our Pilgrim fathers, within three years after they landed, established fishing stations at Cape Ann. More than twenty sail of fishing vessels were annually on our coasts, 240 years since, and before the Revolution the men of Massachusetts are reported by Burke as extending their voyages to the Arctic and Antarctic Seas.

They followed the cod, herring and mackerel to the coasts of Cape Breton, Nova Scotia and Newfoundland.

The fishing towns were surrounded by flakes on which they dried their spoil, and in winter they transported it on their small craft to Spain, the Carolinas and the West Indies. The hardy fishermen, with the son of a fisherman, Sir W. Pepperell, at their head, conducted the siege of Louisburg, where they captured a fortress which had cost five millions of dollars and was defended by 200 cannon.

In the Revolution they manned the navy of the Union and contributed to the success of our country by raising the rate of insurance on British vessels to 50 per cent.,† and as Carwen states in his memoir, in two years captured 783 ships and property worth \$25,000,000.

They fought both by sea and land, and General Knox, the chief of our artillery in 1777, does them justice. "I wish," he said, in his address, to the legislature of which he was a member, "that you could have heard Washington on that stormy night, when the floating masses of ice in the Delaware threatened to defeat his enterprise, demand who will lead us on, and

* The history of these Fisheries is well given by Hon. L. Sabine in his able report to which I am indebted for valuable facts and suggestions.

† It was again raised to the same rate in the war of 1812.

seen the men of Marblehead, and Marblehead alone, stand forward to lead the army along the perilous path, to unfading glories and honors in the achievements of Trenton. There went the fishermen of Marblehead, alike at home on land or water, alike ardent, patriotic and unflinching, wherever they unfurled the flag of their country."

In 1772 the voters of Marblehead were 1,203. In 1780 but 544 voters remained. The residue were represented by 458 widows and 966 orphans. The orphans of Marblehead subsequently manned the Constitution and other frigates in the war of 1812. At the conferences at Paris, which preceded the peace of 1783, John Adams insisted on our right to the fisheries, although Congress was willing to resign them.

"If use and possession give right," he said to the Commissioners, "we have it as clearly as you. If war, blood and treasure give a right, ours is as good as yours." "We," continued he, in the same eloquent strain, "have constantly been fighting in Canada, Cape Breton and Nova Scotia, for the defence of this fishery, and have expended beyond all proportion more than you. If, then, the right cannot be denied, why should it not be acknowledged and put out of dispute. Why should we leave room for illiterate fishermen to wrangle and chicane." John Adams made the right an ultimatum, and it was recognized to its full extent in the treaty of 1783; we were entitled by it to fish wherever the people of the country had fished before.

With the close of the war our fisheries revived, and in 1804 the export of dry fish rose to 567,800 quintals; their value to \$2,400,000. The export of other fish to 89,482 barrels. Their value to \$640,000.

Our rights in the fisheries were not abrogated by the war of 1812. They were not resigned, but revived with the treaty in 1814.

The Commissioners who negotiated this treaty state that their instructions forbade them to suffer our right to the fisheries to be brought in question. They observe,—

"We contended that the whole treaty of 1783 must be considered one entire permanent compact, not liable, like ordinary treaties, to be abrogated by a subsequent war, by the parties to it, as an instrument recognizing the rights and liberties enjoyed by the people of the United

States as an independent nation, and containing the terms and conditions on which the two parties to one empire had mutually agreed henceforth to constitute two distinct and separate nations, the people of the United States reserving the right of fishing and drying and curing fish previously enjoyed, and this reservation was agreed to by the other contracting party. This was not forfeited by the war, and no new recognition was required. We stated this principle to the British plenipotentiaries, in the note we sent them, with our project of the treaty, and no reply to the note of our Commissioners was made, and the treaty was silent as to the fisheries."

While this treaty of peace was pending the venerable John Adams wrote to President Monroe:—

"I would continue this war forever rather than surrender one acre of our territory, one iota of our fisheries, as established by the 3d article of the treaty of 1783."

On the 20th of October, 1818, a convention was entered into with Great Britain by Messrs. Gallatin and Rush, to obtain a recognition of the right of fishing on the coasts of Newfoundland, which they secured, with the privilege of entering the bays, creeks and harbors of the Provinces, for shelter and repairs.

The Commissioners, by this convention, renounced, for the United States, the right to take or cure fish within three miles of "the coasts, bays, harbors and creeks of the Provinces," (except Newfoundland and Labrador and the Magdalen Isles,) but reserved the right to enter them for shelter and repairs.

Upon the day on which they signed the convention, they wrote to J. Q. Adams, our Secretary of State, that this clause was introduced and insisted on by them, to prevent any implication that the fisheries were secured to us by a new grant, and to show that our renunciation extended only three miles from the coast.

For twenty-three years after the convention, down to 1841, but one construction was given to this convention by both parties and the fishermen, viz.: that by "bays" were meant the small bays to which the fishermen resorted for shelter and repairs; but in 1841, after this conclusive acquiescence, the colonists gave a new construction to "bays," and insisted that the convention precluded the fishermen of the United States

from entering the Bay of Fundy, a gulf sixty miles wide, the great Bay of Chaleurs, and the Strait of Canso, through which our fishermen had pursued their voyages for more than a century, and through which a British Admiral, in 1839, saw a fleet of 600 sail of our fishermen pass without molestation.

When Great Britain and the Provinces became solicitous, in 1845, for such a treaty as they had previously declined, and after we had permitted them to import fish at a moderate duty, and to enter it in bond for exportation, they seized with avidity this new construction. The Province of Nova Scotia passed Acts confiscating our vessels if they passed the line drawn three miles from the coast, and exonerating the officers from damages for detention, if the judge should find any probable cause for seizure.

Cape Breton was annexed to Nova Scotia, and after the union the legislature laid out counties across the Strait of Canso, to bridle a great avenue of commerce.

Ships of war were sent out year by year to watch our vessels, and in 1852 Great Britain, Canada, Nova Scotia and New Brunswick fitted out and sent to the fishing grounds no less than eighteen armed vessels to watch and arrest our fishermen, whose trade was thus injured to the extent of millions.

The aid of Messrs. Stevenson, Everett and Lawrence, at London, was invoked, but the Nova Scotians, including some eminent men, now in favor of the treaty, insisted upon their new construction, and the crown lawyers were led to give an opinion in their favor.

This opinion, it appears to me, is entirely untenable. It was not given with much care or deliberation as the counsel base their opinion upon the term "headlands," which they cite as found in the convention, where the word does not occur.

As it had no existence there, the decisions based on it should be revised. The Great Bay of Fundy also has but one headland on British territory, and borders for many miles on the coast of Maine. The term bays is by the language of the Act limited to bays of shelter and suitable for repairs and to take wood and water by the words that follow, and the Great Bays or Gulfs of Fundy and Chaleurs and other bays exceeding six miles in width at their outlets are unsuitable for the purpose, and consequently excluded.

An acquiescence for twenty-three years and contemporaneous exposition by those who drew the treaty are also conclusive, and the ministers of Great Britain were driven by Mr. Everett to abandon their pretensions to the Bay of Fundy, and if not deterred by Nova Scotia, would have restricted the law to bays less than six miles wide at their outlet, having once come to that determination.* But the Provinces were not easily quieted; a collision was imminent, and our Government yielding to the pressure became parties to a treaty, and its abrogation will revive the questions of 1845 to 1852 as to our rights in the fisheries. During the interval between 1845 and 1852 complaints were made by the colonists of the aggressions of our fishermen, of nets displaced on the coasts and in the Strait of Canso, and of daily trespasses, but since they obtained access to our home markets on terms of perfect equality, and since they recognized the right of our fishermen to frequent all their shores, the cessation of complaints furnishes a strong presumption that the fishermen were harmless and innocuous before the adoption of the treaty.

RECIPROCITY TREATY.

This treaty made by Lord Elgin and W. L. Marcy, July 5th, 1854, to take effect when ratified by Great Britain, the United States and the Provinces, provides,—

Articles 1st and 2d. That the fishermen of the United States shall, during the continuance of the treaty, have the right to take fish, of all kinds except shellfish, in common with British subjects, at any distance from the shore on the coasts and on the bays, harbors and creeks of Canada, New Brunswick, Nova

* Our rights to the great Bays of Fundy and Chaleurs are recognized by the Umpire under the treaty of 1854 in determining the validity of a seizure made prior to the treaty and as early as 1848. His decision was that the Bay of Fundy was not a British bay, nor a bay within the meaning of the words bays in the treaties of 1783 and 1818.

The decision, is cited by Wheaton, page 826, and is mentioned by Hautefeuille on Rights of Neutral Nations, Vol. 1, page 89, cited by Wheaton. Our right to fish in the Gulf of St. Lawrence and in all other places in the sea where the inhabitants of both countries (the United States and Great Britain) used at any time heretofore to fish was conceded by the British Government through Lord Bathurst in 1815. American State Papers, Vol. 4, page 352. Our right to navigate the Strait of Canso is asserted by Wheaton, page 828.

Scotia and Prince Edward Island, with liberty to land and cure fish on all those shores, and on the Magdalen Islands without interfering with private rights and property of British subjects. These rights do not extend to the river fisheries.

Similar rights are granted to British fishermen on our shores and coasts north of latitude 36. The Act provides also for appointment of a commissioner by each party to determine what rights are reserved to individuals and to settle all differences.

Article 3d provides that the articles enumerated in the schedule below, the growth and produce of said colonies or of the United States, shall be admitted into each country respectively, free of duty.

Schedule.—Grain, flour and breadstuffs; animals of all kinds; ashes; fresh, smoked and salted meats; timber and lumber of all kinds, round, hewed and sawed and unmanufactured; cotton, wool, seeds and vegetables; undried fruits, dried fruit; fish of all kinds; products of fish and all the creatures living in the water; poultry; eggs; hides, furs, skins or tails undressed; stone or marble in its crude or unwrought state; slate; butter, cheese, tallow; ores of metals of all kinds; coal; unmanufactured tobacco; pitch, tar, turpentine; firewood; plants, shrubs, trees; pelts; wool; fish oil; rice and broom-corn; barks, gypsum, ground and unground; wrought or unwrought burr and grindstones; dyestuffs; flax, hemp and tow unmanufactured; rags.

Article 4th secures to the citizens of the United States the right to the free navigation of the St. Lawrence and British canals with vessels and boats, and to British subjects the right to navigate Lake Michigan; and the United States agree to urge their State governments to allow British subjects to use their canals; ordinary tolls to be paid in both cases. The British Government reserves a right to suspend navigation, but in such case the Government of the United States may suspend the third article. This article also provides that no export duty shall be put on timber of citizens of the United States, descending the river St. John and its tributaries destined for the United States.

Articles 5th, 6th and 7th provide for the extension of the provisions to Newfoundland, if laws shall be passed by contracting parties and Newfoundland to that effect.

The first article of this treaty is important in its bearing on the fisheries ; notwithstanding the alleged trespasses of our fishermen when restricted to the distance of three miles from the coasts, bays and harbors, and their repeated seizure, they are by this treaty allowed to frequent and approach, without regard to distance, all the shores of four Provinces, and to land and cure their fish there with the consent of the private owners, and are thus restored to the rights claimed under the treaty of 1783.

Although our commissioners in 1818 had relinquished the right to come within a marine league of all the shores but those of Labrador and Newfoundland, except for repairs and shelter, our rights deemed inadmissible were thus conceded.

In exchange for this a similar right to approach our shores was also granted, which, although rarely used, may at times be valuable as the shoals of mackerel usually strike our coasts early in the season and before they reach the Provinces. And at times the mackerel are pursued both in the spring and autumn on our coasts and more successfully taken than on those of the Provinces.

NAVIGATION OF THE ST. LAWRENCE.

Less than two thousand tons of our shipping on the average have thus far annually passed down the St. Lawrence from the lakes to the ocean.

It is a valuable outlet for our cereals, but its importance must depend in a great measure upon the enlargement of the canals and increase of their depth to twelve to fifteen feet to suit a class of vessels adapted to the navigation of the ocean.

The most important article of the treaty is the third, which defines the free list, and its chief importance to us lies in its free admission of all the products of Colonial fisheries, agriculture, forests and mines into our country.

To illustrate the value and effects of this provision, I submit a tabular statement of the imports from the above Provinces into the United States, and the exports to them from the United for a series of years preceding and following the adoption of the treaty, which did not take full effect until 1855 from delay of its ratification.

Exports and Imports from United States to British North American Provinces, exclusive of those on the Pacific, from July, 1851, to July, 1862.

[From Official Reports of the United States.]

DATE.	EXPORTS FROM UNITED STATES.			IMPORTS INTO UNITED STATES.
	Foreign.	Domestic.	Total Exports.	
1852,	\$3,853,919 00	\$6,655,097 00	\$10,509,016 00	\$6,110,290 00
1853,	5,736,555 00	7,404,087 00	13,140,642 00	7,550,718 00
1854,	9,362,716 00	15,204,144 00	24,566,860 00	8,929,569 00
1855,	11,999,378 00	15,306,642 00	27,806,020 00	15,186,784 00
1856,	6,314,352 00	22,714,697 00	29,029,340 00	21,810,421 00
1857,	4,826,369 00	19,936,113 00	24,262,482 00	22,129,296 00
1858,	4,012,768 00	19,638,959 00	23,651,727 00	16,806,519 00
1859,	6,622,473 00	17,029,254 00	28,154,174 00	19,727,551 00
1860,	4,038,899 00	18,667,429 00	22,706,328 00	23,851,381 00
1861,	3,861,098 00	18,883,715 00	22,079,115 00	23,062,933 00
1862,	2,427,103 00	18,652,012 00	21,079,115 00	19,299,995 00

In our commerce with the Provinces our annual exports and imports rose from \$2,100,000 in 1828 to \$3,800,000 in 1832; \$8,100,000 in 1840; \$9,300,000 in 1846; \$18,700,000 in 1851; \$50,300,000 in 1856; and fell to \$40,400,000 in 1862.

Since 1862 there has been a recovery; the aggregate of imports and exports in the commerce with the Provinces, having risen in 1865 to \$68,000,000, under large importations from Canada.

From the tables you will notice that the trade was in its infancy down to 1829, just before the time when Mr. McLean made an arrangement for free ports and the removal of some of the restraints on commerce, and that the growth was rapid, more than 20 per cent. per annum, in the four years from 1828 to 1832. That the advance was still rapid or 14 per cent. per annum down to 1840. That the movement then continued slow down to 1846, when goods came in more freely and fish and flour were admitted under bond for exportation.

During this period the growth was less than $2\frac{1}{2}$ per cent a year. But with new privileges and the prospect of Reciprocity the

trade gained for the next five years 20 per cent. annually, and rose in five years more at the rate of 27 per cent. per annum, to \$50,800,000 in 1856, and, strange as it may appear, declined 25 per cent. or more than 4 per cent. per annum down to 1862, the eighth year of Reciprocity, when it receded to \$40,300,000, showing a loss of \$10,000,000.

"This decline was confined to the Canadian commerce. It becomes an important inquiry what measures caused this great decline, and upon further investigation we discover that the decline was in our exports to Canada which fell from 1856, when they were \$20,883,241, to 1862 when such exports were but \$12,842,506. The reduction was in round numbers, a reduction of eight millions in exports, accompanied by a reduction of two millions in importations. It is my duty also to draw your attention to another fact shown by these exhibits, and still more forcibly by the returns of Canadian trade, that prior to the Reciprocity Treaty, which took effect, as we have suggested, in 1855, our exports to the Provinces usually exceeded our imports, but in 1860 this was reversed, and since that period imports have exceeded our exports in commerce with the Provinces.

Our trade with Canada may be illustrated by a brief tabular statement of exports and imports.

Exports from the United States to Canada, and Imports from Canada.

[Taken from the Official Tables of the United States.]

	DATE.	Exports to Canada.	Imports from Canada.
Before Treaty, . . .	1850, . . .	\$5,390,821 00	\$4,285,470 00
	1851, . . .	7,929,140 00	4,956,471 00
	1853, . . .	7,829,090 00	6,278,116 00
Since Treaty, . . .	1856, . . .	20,883,241 00	17,488,197 00
	1857, . . .	16,574,895 00	18,291,894 00
	1861, . . .	14,361,858 00	18,645,457 00
	1862, . . .	12,842,504 00	15,253,152 00
	1863, . . .	19,898,718 00	18,816,999 00
	1864, . . .	16,658,429 00	30,974,118 00
	1865, . . .	18,806,497 00	30,547,267 00

Of the above exports there were of 1861, specie, \$863,308 ; 1862, \$2,530,297 ; 1863, \$4,652,679 ; 1864, \$2,300,000.

The excess of imports into the United States over exports to Canada since 1860, deduced from the above tables and from the Report of the Minister of Finance in August last, has been more than \$30,000,000. The Canadian tables differ somewhat from our official tables.

In considering the remarkable change which has taken place in the course of our trade with Canada, I shall endeavor to guard against the danger of attaching any undue importance to the ancient theory of the balance of trade.

It may safely be conceded that the excess of imports over exports is not in all cases conclusive proof that commerce is unprofitable. The commerce of Great Britain for a series of years, has shown a large excess of imports over exports, accompanied by an excess of arrivals over shipments of specie and great progress in national wealth.

Her exports and imports have been as follows :—

DATE.	Exports.	Imports.
1858,	£189,782,000	£165,583,000
1859,	155,692,000	179,182,000
1860,	164,521,000	210,580,000
1861,	159,632,000	217,485,000
1862,	167,189,000	226,592,000

The excess of imports may spring from the use of capital abroad, from freights and profits, in which case the excess of imports indicates addition to wealth, and not accumulating debt.

A change in the balance of trade might not alone warrant the abrogation of a treaty, but it does warrant investigation. We may concede, safely, that a treaty of reciprocity, which adjusts the quarrels of nations and does equal justice to each, is most desirable for the country, and at the same time point out omissions and objectionable features in a treaty we have abrogated, with a view to one more perfect and comprehensive.

There were, and are, various objections to the treaty about to expire.

First. While it quieted strife and restored the rights secured by the treaty of '83 to our fisheries, from which spring the seamen to man our navy, the mates, masters, and intrepid merchants who have guided our keels to the very confines of the earth—it gave to the maritime provinces our home market, and the incentive to improve the fisheries at their doors, for the pursuit of which, they have advantages which were counterbalanced by our intelligence and home markets alone.

We should make the fisheries accessory to our own progress, not to that of Great Britain. If the maritime provinces would join us spontaneously to-day—sterile as they may be in soil, under a sky of steel—still, with their hardy population, their harbors, fisheries, and seamen, they would greatly improve and strengthen our position and aid us in our struggle for equality upon the ocean.

If we would succeed upon the deep, we must either maintain our fisheries, or absorb the provinces. In 1863, the tonnage of Great Britain and her colonies was 6,041,358 ; ours 4,986,397. The disparity is now greater.

For our great home market for her cod and mackerel, her whale oil, whalebone and seal oil, and the impulse it gives to the provincial fisheries and navigation of Great Britain, have we thus far sufficient equivalents ?

Another feature in the treaty, is, the impulse it gives to the coal mines of Nova Scotia and Cape Breton. The shipment of coal from these provinces to the United States, has increased from 220,000 tons in 1863, to at least 400,000 tons in 1865.

This is doubtless very acceptable to our commercial cities on the coast ; but it comes free from duty to compete with the black diamonds from our mines, which contribute to the expenses of the war—virtually it comes with a bounty against our own productions. The revenue thus suffers, and the foreign miner realizes the profits. If a new treaty be made, some equivalent should be given for this, or a moderate tax may be imposed for the benefit of the treasury. We are not, however, to forget that we already export from 105,000 to 171,000 tons of coal to Canada, a part of which ascends the Hudson and reaches Montreal, while a part crosses Erie and Ontario, into Canada West,

Again, we permitted the Provinces, at the moment Great Britain was importing the pine of Norway, and they were losing the market for a third or half of their timber, to send it here and enter the home market, on equal terms with our own lumbermen. The lumber, as well as the products of the fisheries, flow from the Provinces to the markets of the Union, and there is little or no reciprocity on these articles. The Provinces require little of our fish or our lumber. If we make undue concessions, Howe, the organ of Nova Scotia, at our Detroit convention, may well compare us and the provinces "to the Triune Trefoil," which hangs from the stem of Great Britain.

If lumber were not free to-day, a duty of five per cent. on our own lumber, and of ten per cent. on that of the Provinces, would doubtless place five millions in our national coffers; but the insertion of lumber on our free list, deprives us of this revenue, while it enhances the value of Canadian forests.

It is doubtless true, that freedom from duties enables Canada to send through New York and Maine, wheat and flour for foreign shipment, and enables the West to send to Montreal a portion of its surplus, to reach an outlet for Europe, at Montreal. This interchange is doubtless beneficial to all parties, but this transit trade gives but little stimulus to production. The commerce which terminates in consumption in Canada, consists of the shipment to her of a moderate amount of corn and red wheat, with some coal and salt, and a less amount of our coarser products, provisions and imported goods.

While Canada sends to us for consumption her animals and products of the forest and of agriculture, she buys but little of any more of our manufactures than she did before the treaty,—although in the last twelve years, she has added two-fifths to her population, and nearly doubled her productions and consumption,—there are important deficiencies in the free list, to which it is my duty to call your attention, which should be borne in mind upon revision of the treaty.

SALT.

The treaty is silent upon the subject of salt. This is an important production, both of New York and Michigan.

It is produced near the lakes, and may be easily transported to the section of Canada bordering upon the lakes, and is as

appropriate for the free list as slate, marble, gypsum or ashes. It is a production of the soil, and essential to our animal life. It is singular that it was omitted.*

MAPLE AND SORGHUM SIRUP.

These also are products of the forest and agriculture, and come within the spirit of the treaty, and should be included. Sorghum does not flourish in Canada, but is extensively cultivated at the West.

TOOLS AND IMPLEMENTS.

The treaty includes in its schedule, the millstone and the grindstone, both implements, the one to sharpen the axe, the other to manufacture wheat into flour. These are produced in the provinces, but the treaty is silent with respect to other tools; the axe, the plough, the shovel, and the reaper, which are fashioned by the artisans of New England and the West. The laws of Canada and some of the other provinces, are so deficient in reciprocity, that no patent can be taken there by a citizen of the Union. The Canadian minister of finance, concedes, that tools, implements and machinery, and books, should be included.

He concedes patents also. If a new treaty be made let it also provide for a patent law, and for copy-rights, to do justice to inventors and authors, and let it also contain a provision that all tools, implements, and machinery, be added to the free list. It would be desirable also to include in this list our manufactures of leather, tin, copper, castings, pins, buttons, types, utensils, carriages, furniture and other articles. I would also suggest that while it is desirable for both parties to except from the schedule the articles of spirit, tobacco, sugar, molasses, and costly fabrics of silk, flax and wool, as important sources of revenue ; and while it is desirable to withdraw coal, lumber, and barley, and the products of the fisheries, from the free list, it may be politic to provide that these last products of each country and all others, not specifically excepted, shall be subject to duties, not exceeding fifteen per cent., or to duties as low as those of Canada before the Reciprocity Treaty.

* Canada now admits salt without duty, although omitted in the free list.

There are gentlemen of intelligence, and possibly some statesmen, who think it will be politic to allow the treaty to expire without any efforts or arrangement for a renewal ; who predict that in such case the Provinces will range themselves under our banner, and seek admission into the Union. This accession would doubtless be beneficial ; it would bring to the Union a white population which will in 1868, possibly before the measure could be consummated, reach four millions.

It would bring to us two thousand miles of railways, and vast forests and mines, and fisheries and mariners, and nearly two-thirds of a million tons of shipping ; but will this accession be secured by the loss of the treaty ? Is there not danger that the termination of the treaty will result in mercantile losses, strife and alienation ?*

Peace and a prosperous commerce create friendship, and tend to alliance ; and will it not be wise to make a fair treaty, one of equivalents ; to impose moderate duties for revenue on *fish, coal, lumber*, the chief subjects of the treaty, after agriculture ; to place salt, tools, and machinery, and implements of agriculture, with other items, in the free list ; to secure patents and copy-rights ; to remove all discriminations ; and let the Provincials look forward to a union which will eventually remove these duties, increase their wealth and contribute to their improvements ? Is the present moment, when we are mastering a debt of twenty-eight hundred millions by severe taxation, an auspicious one for bringing in new States to share our burden ? When we have reduced our debt and our taxes, and shown that they rest lightly on our shoulders, and England has paid for our losses by her cruisers, will not the moment be more auspicious for the enlargement of our territories ?†

We have traced the successive stages of the growth of the commerce with the Provinces, doubling in seven years after the completion of the Erie Canal, and rising to more than

* See remarks of distinguished Provincials in the Appendix, page 82.

† The debt of Canada in proportion to its assessed wealth is nearly two-thirds the size of our own. The interest upon our debt can be met by moderate duties on liquors, cotton, tobacco and coffee, without bearing heavily on the Provinces should they hereafter join us "spontaneously," as suggested by the "London Times." In 1868 our population will reach 40 millions. We have lost but half a million by the war.

fifty millions in 1856, the second year of the Treaty of Reciprocity.

During the ten years from 1851 to 1861, which comprise four years prior to the treaty and six that followed, all the Provinces made rapid progress, but Canada was pre-eminent.

From 1851 to 1861 the population of Canada increased more rapidly than the population of the Union. It had gained 36 per cent. In 1860 the population of all the Provinces was as follows:—

Canada,	2,501,888
New Brunswick,	233,777
Nova Scotia,	230,699
Newfoundland,	124,608
Prince Edwards Island,	80,648
Aggregate,	3,271,570

The rate of increase in all the Provinces was nearly equal to that of the Union.

Canada led in commerce and revenue as well as in population. In the fifteen years from 1851 to 1865, the whole exports and imports of Canada rose from \$35,000,000 to \$87,000,000. Her revenue rose also from \$3,500,000 to \$10,500,000. Between 1851 and 1861 her improved land increased from 7,307,950 acres to 10,855,854, or 49 per cent.; the value of the same from \$263,516,000 to \$466,675,780. The wheat crop, which exceeds that of Illinois and of each of our States, rose from 15,756,493 bushels to 27,274,779, or 78 per cent. The oat crop, larger than that of New York, the leading State of our Union, rose from 20,369,247 bushels to 38,772,170, or 91 per cent. During the same period the value of her lumber rose from an average of \$7 to \$10 per M.

And in the interval between 1851 and 1863 her export of lumber rose from \$5,085,628, of which but 23 per cent. reached the United States, to a total of \$12,264,178, of which a third—nearly as much as the former importation of Great Britain—came to the United States. For a series of years prior to 1846, the imports of Canada from the United States greatly exceeded

22 FINANCIAL STATEMENT OF MINISTER OF FINANCE.

the exports, and great disparity continued down to the Reciprocity Treaty ; but since 1860 the balance of trade has been reversed.

The statement of the minister of finance to the Canadian Parliament on the 29th of August last shows the present condition of Canadian commerce.

He gives us for the year a revenue of \$10,528,000, collected at a cost of 13 per cent.

Imports for the year ending June 30, 1865,	
exclusive of specie,	\$39,851,991 00
Specie imports,	4,768,478 00
Exports of the year, exclusive of specie, . . .	40,792,966 00
Specie exports,	1,688,191 00

The results present a balance for the year of nearly one million of exports over imports, independent of specie ; and a balance of gold close upon three millions.

And, since this report was made, it is currently reported that the sales of white and red wheat, horses and other stock by Canadians for the past quarter to this country will reach eight millions. The minister in his speech estimates an addition of six per cent. to the revenue for the coming year, and gives us the following items of income :—

Customs,	\$6,166,000 00
Excise on spirit, beer and tobacco, .	1,650,000 00
Post-office,	470,000 00
Public lands,	450,000 00
Ocean postage,	70,000 00
Territorial income,	650,000 00
Sundries,	1,650,000 00

In illustrating the trade with the United States he assumes the imports from our country into Canada for the preceding years, 1860, '61, '62 and '63, to be \$18,879,006 more than are shown by our official statements. The discrepancy weakens his

argument, but does not affect his returns for the current year.*

His statement contains a very full analysis of the exports to the United States for the year. After deducting the specie from each, he gives us the results:—

Imports from all countries, and exports to the same,	\$87,001,620 00
Exports to the United States,	\$21,350,350 00
Imports from the United States, exclusive of specie, for year ending June 30, 1865, . . .	<u>14,820,557 00</u>
Excess of exports,	\$6,529,793 00

To liquidate this balance from our country Canada has received a large amount of specie.

The entire importation of specie from all countries having been \$4,768,478, he leads us to the result that while the exports of Canada to the world exceed the imports by nearly a million, the imports on goods from our country are six and a half millions less than those Canada has sold to our citizens, and he leaves us to infer that we liquidate the principal part of the balance in specie. If any part of our exports have been valued in greenbacks, the deficit will be still greater.

The exports of Canada to the United States are shown by him to be,—

Lumber,	\$5,000,000 00
Animals, of which two-fifths are horses,	4,478,000 00
Wool,	1,351,722 00
Barley and oats,	4,500,000 00
Manufactures,	460,000 00
Butter,	340,899 00
Meats,	484,890 00
Other products of animals,	391,000 00
Balance, wheat, flour, &c.,	<u>4,448,839 00</u>
	\$21,350,350 00

*The \$18,879,006 added by the Minister of Finance are doubtless goods which pass *via* the Grand Trunk from Great Britain to the St. Lawrence, without breaking bulk; they are not entered on our official reports, and, carried by British steamers and a British railway, are British exports.

Our shipments down the Lawrence are less; but \$5,000,000 for two years,—'60 and '61.

He regards the trade in wheat or flour as a mere interchange between the United States and Provinces, the exports from Canada being compensated for in part by the imports into Canada, and are not greater than the shipment from the United States to the maritime provinces. The minister, in the course of his speech, beside giving us these particulars, makes several important suggestions.

First—That Canada would be disposed to enlarge her canals if she could be admitted to register her shipping and participate in the coasting trade.

That the men who formerly led public opinion in England, and who thought colonies a burden, had lost their influence. That if we put duties on Canadian products, they would open trade with the maritime provinces, and send them flour and barley, and would fatten swine on their coarse grains, instead of our corn ; that they could change the character of their productions. He states, also, that Canada has been allowed by Great Britain to come in under the new treaty with France, and is increasing its trade with the maritime provinces and foreign nations, from which they now import three and a quarter millions dollars. That our country could not sustain high duties on a variety of imports without illicit trade, which might be checked if Canada were friendly ; but if we built a Chinese wall of restriction, if there was to be no intercourse, the United States must look after their own frontier.

That if we did not send them corn and take barley, they could distill the latter ; that the returns of distillation might not cover all the spirit, so much was sent out of the country, some legally and some illegally. That he and his colleagues thought smuggling might be checked by a friendly spirit and the selection of certain articles on which duties might be assimilated, and they were ready to meet the commissioners of the United States in a friendly spirit and listen to their suggestions. In his very moderate return of imports from the United States, (\$14,820,557) he sets down corn and coarse grains, \$1,800,000 ; meats, \$876,968 ; cheese, \$306,618 ; wool, \$174,071 ; other products of animals, \$814,599 ; fish, \$257,961, but gives no additional items.

We have thus, from official sources, the position of Canada and the views of her Government, and it is apparent that she

has prospered under the treaty. From 1851 to 1861 she has increased her miles of railway from twelve to nineteen hundred; she has increased her wheat and oat crops, her wool, the value of her forests and wealth more than we have, although she is naturally inferior in climate, soil and position.

She has, by her select committee on commerce, appointed in 1858, conceded that for some years prior to the Reciprocity Treaty the grain of the United States was worth 25 per cent. more than the grain of Canada, and now in both countries the treaty has for ten years kept it at nearly the same level. She is disposed to build our ships and take a large part of the coasting trade, and as an inducement for such concession she may possibly deepen her canals, to divert the trade of the West. Already has Canada made free ports on her coasts to the extent of one or two thousand miles on the shores of Lake Huron and the Gulf of St. Lawrence, doubtless to tempt our fishermen and frontiersmen to evade our duties, and now we are told distinctly that we must expect illicit trade if we adopt a system of restriction.

The Committee of Congress on Commerce, in their report on Reciprocity, in February, 1862, well suggest that in admitting Canada to the commercial advantages she would enjoy if she were a State of the Union, we had a right to expect from her in return the same commercial privileges which each State of the Union confers upon the others; we have given her all those privileges except those she now desires, and which we hesitate to concede in consequence of her connection with a great empire, which declines to do us justice. She has, with those conceded, achieved great success, and the question now arises, what reciprocal privileges has she given us?—have they proved to be an equivalent for those we have conceded? The reports of Mr. Andrews and of the Committee on Commerce, to which we have referred, present many conclusive answers to this question.

Before the treaty, Mr. Andrews, in his preliminary report—a document submitted by Mr. Corwin to our Senate—said, “that it would be wise to place the border trade between the United States and the Colonies on a different basis and under the influence of a higher principle, so as to mature and perfect a complete system of mutual exchanges between the different nations of this vast continent.” While the treaty was pending, Lord

Elgin, the British minister at Washington, alleged that "Canada had always adopted the most liberal commercial policy with respect to the United States, as well in regard to the commerce through its canals as in regard to the admission of manufactured goods coming from this country, and if the natural products of that country (Canada) should be admitted duty free, that Government would be willing to carry out still further the same liberal policy already pursued towards the manufactures of the United States." The treaty itself recited that the parties "were desirous so to regulate the commerce and navigation between their respective territories and people, and more especially between her Majesty's possessions in North America and the United States, in such manner as to render the same reciprocally beneficial and satisfactory."

With these intentions, thus expressed, the treaty was executed and commerce commenced.

When the treaty took effect by the President's proclamation, March 17, 1855, the duties in Canada were very moderate, but 5 per cent. on some commodities, and 10 per cent. on others, but $12\frac{1}{2}$ per cent. on our boots, shoes, leather, harnesses, and many of our other products; but within a year after the treaty Canada began to advance these duties, and by 1859 had raised them $62\frac{1}{2}$ per cent. on one class, and 100 per cent. on another, embracing our chief manufactures, and most of them were thus excluded and the sale of others reduced.

The Committee of Congress on Commerce in 1862 complained in their report that the duties levied on our manufactures and other products had checked their exportation from the United States to Canada, that our commerce with that country reached its height in 1856 and then began to decline with the advance of duties, that our exports which paid duties to Canada declined from \$7,981,284 in 1856, the year after the treaty was adopted, to \$4,197,316 in 1860, a decline of 47 per cent. in four years only, while the whole amount of our Canadian commerce declined 25 per cent. from 1856, when the duties were low, to 1862 when they were high. The committee suggest that if Canada required more revenue, her attempt to raise it by new duties on our manufactures was a failure. It effected nothing but their exclusion. The committee in this connection draw attention to the fact that while Canada urges that she was

obliged to raise duties for revenue, she has established two great free ports—the port of Gaspe on the Gulf of St. Lawrence, with a frontage of 1,200 miles on shores frequented by our fishermen, and another extending for 1,000 miles from the Sault St. Mary, at the outlet of Lake Superior, along the shores of Huron and Superior, where our settlers and seamen engaged in the growing transportation of the lakes may be tempted to buy goods and evade our duties. If legitimate trade be the object of Canada, she should reduce her duties, when they diminish revenue, and if fair reciprocal trade is desired, should she tempt our mariners, miners and settlers to evade our duties, and compel us to establish ports and custom houses at great expense upon a long frontier?

If Great Britain maintains Gibraltar to extend her trade on the coast of Spain, must we have a Gibraltar on our frontiers also?

Our committee complain of the change from specific to *ad valorem* duties on foreign goods, which are based on prime cost in gold, if they come by the St. Lawrence or by the Grand Trunk a British Railway, but are assessed on cost, freight, and charges if not prices in currency if they come *via* Boston or New York. This the committee deem an evasion of the treaty. They complain also of discriminating tolls on the Welland Canal, by which goods destined *via* Oswego and Ogdensburg for New York or Boston pay tenfold the tolls required on goods diverted from our ports to Quebec or Montreal. They cite the reports of Messrs. Hatch & Taylor to our Treasury Department, in which they favor the extension of free trade. They refer to the trade with the maritime Provinces under their system of low duties as more satisfactory than that of Canada, and come to the conclusion, at which the legislature of New York had previously arrived and set forth in their Resolves now on file at Washington, that "the legislation of Canada subsequent to the treaty, was subversive of its true intent and meaning, and that an isolating and exclusive policy had been adopted, intended to destroy the natural effect of the treaty by heavy duties on the products the United States have to sell, and by discriminating duties and tolls imposed to exclude the United States from Canadian markets." Our Committee on Commerce conclude with a full recognition of the benefits which would

flow from a just treaty and extended system of free trade between the United States and the Provinces, by which reciprocity would be not merely a name but a substance on the whole frontier, and as a substitute for the treaty recommend the Zollverein, under which more than thirty-six millions of Germans freely interchange their commodities and divide foreign duties, while nearly as many Austrians are included under a more limited system.

The efficient minister of finance, who is very naturally on the alert when this treaty is discussed, reviews the action of our committee in a statement to the Canadian Parliament in March, 1862. He concedes most of the facts found by our committee, but endeavors to weaken their force and sustain the treaty. He urges that Canada, like the United States, was obliged to raise her duties, but apparently forgets that our rise did not affect the great exports of Canada.

He clings to the letter without regard to the spirit of the treaty shown in its preamble, and does not refer to the assurances given by Mr. Andrews, its chief author, and by the British minister and the officers of Canada, when the treaty was pending.

It is fresh in my memory that when invited to favor the treaty I declined to do so, because the programme of the treaty did not expressly authorize us to buy the staples of Canada with the products of New England, but it is now apparent that this was a dangerous omission and that Canada has not redeemed her pledges. The minister of finance urges that Canadian duties are not as high as our own, but a duty of 20 or 25 per cent. is too high if it excludes our manufactures. The duty on our clocks at Liverpool and on our drills at Calcutta were not higher, but they were just high enough to effect the purpose of Great Britain, the exclusion of the fabrics of the United States. The minister urges that the free ports of Gaspe and Sault St. Mary are to encourage the settlers; but the few settlers on these desert coasts require no such stimulus, and Canada in establishing them pays no respect to the great maxim of the law—*Sic utere tuo ut alienum non laedas*—while benefiting by a treaty whose express object was to make the trade beneficial to both parties. He admits that the discriminating tolls and duties have been imposed and claims the right to impose them. He

owns his object to be to promote the direct trade by the St. Lawrence by such measures, and avers that he has done so. He conceives this to be a laudable object and submits a table to show how large a proportion of the importations of Canada, many of which formerly came through the States, now come *via* the St. Lawrence.

EXTRACT FROM THE TABLE OF THE MINISTER OF FINANCE.

Importation of Leading Articles into Canada in 1861.

	Whole am't imported into the Province.	Proportion imported <i>via</i> the St. Lawrence.
Cotton goods,	\$5,690,000	\$5,123,078
Earthen and glass ware,	618,896	427,763
Fancy goods,	328,891	245,419
Iron and hardware,	2,851,014	1,943,398
Silks, satins and velvets,	921,152	875,195
Woolens,	4,271,276	4,003,077
Total,	\$14,681,506	\$12,617,928

The minister of finance thus demonstrates that eighty-six per cent. of this merchandise enters Canada *via* the gates of the St. Lawrence, leaving but fourteen per cent. for New York, Boston, and for American vessels, canal boats and railways. It is his province to conciliate Montreal and Quebec and propitiate Great Britain.

His duties are arduous and conflicting. For the seaports of Canada he must attract the breadstuffs of the West, to give freights to their shipping and commissions to their merchants; for them he must seek outlets to France, the maritime Provinces, Brazil and West Indies. With respect to Great Britain, whose subjects have little respect for custom-houses or blockades, he can present free ports on great highways and duties discriminating in their favor. To satisfy the Upper Province and to give value to forests and agriculture, he must command the home market of the United States. If we will give him the coasting trade, he will deepen the canals and take the direct trade also.

He will accomplish three objects if he can secure the coasting trade, and the direct trade and the home market by a single blow, but the coasting trade is not to be conceded and we must compete for the direct trade also. In his statement to Parliament he protests against a Zollverein which would sever Canada from Great Britain and cut off her imports from the British Isles. He expresses a disposition to enlarge the free list, by adding books, implements, wooden ware and machinery, and would extend the system of free trade if such measures become necessary to preserve the treaty. He is ready to negotiate for its preservation, for he has much to lose, while there is reason to apprehend that we may struggle to revive our commerce and may ask equivalents for the future in a new negotiation.

We have thus examined the progress, commerce and policy of Canada, and find that she has grown rapidly in trade, wealth and population, that her annual commerce with us is fourfold its amount before the treaty ; that she has not thus far redeemed the pledges given for her by Lord Elgin, the British minister, to favor our productions, but has checked their importation without benefit to her own, for she still devotes herself chiefly to her forests and agriculture, canals and railways ; she has diverted some trade to the St. Lawrence, and established some free ports, and expanded her whole commerce to \$87,000,000 in 1865, of which \$50,000,000 are with the United States. We find that her exports of *prodyce* to us exceed her imports, that some shares and probably some bonds have flowed into Canada while a counter current has flowed into the States from the maritime Provinces.

But if the treaty has been a boon to Canada have we not also derived some benefits from a commerce of fifty millions, three-fifths of which consist of articles of food and materials for manufacture ?

Are we not led to the conclusion that the treaty has brought to us some blessings in its train ? Has not our tonnage in this trade wonderfully increased, and does it not still maintain its ascendancy ? If our imports from Canada have exceeded our exports, have not those imports ministered to our wants and swelled our exports in the most trying periods of our four years' struggle ? If we have imported horses and oats and live stock, have they not mounted and fed our cavalry and horsed our

artillery, and aided Sheridan in his last campaigns ; and if we have sent a balance of two or three millions of specie to Canada beyond what we receive from the maritime Provinces, are we to send the products of our mines, one of our chief exports, to England only ?

If Frederick the Great was able successfully to contend for seven years with Austria, France, and finally with Russia, by the supplies he drew from Silesia and Saxony, have not the Provinces contributed something to our success, and have we not some pensions to pay in the Provinces ?

If our exports have diminished, a part of the diminution must be ascribed to our currency and the derangement of our trade. Are we not for the moment obliged to pay in our own markets three or four profits : first, the legitimate profit ; second, a profit to cover the risk of a decline of value to specie prices ; third, a profit to cover increased cost of living ; and often a fourth, from the insufficient supply caused by the fear of producers to enlarge their works while labor and materials are above their true value ; and shall we not produce more cheaply and change this as we return to specie ?

If there are omissions of our productions in the treaty, is Canada to blame for them, if she has conformed to the letter of the treaty, and may they not have been made with a wise forecast by Mr. Marey ?

If the Provinces have sent us coal, wool, timber and rags, which last Canada classes among her manufactures, have they not given a stimulus to our industry, and if she has refused our return freight has not that diminished the net return upon her exports ? And will she be less friendly and less interested in our progress if she holds a few of our bonds ? Will they not be bonds of amity between us ?

And now if she has drawn capital from Europe, built her canals and railways and connected them with our own, and is able to construct more for the trade of both countries ; if she has to-day a small surplus revenue and is able and willing to transfer some of her duties from our manufactures to foreign luxuries and to discourage illicit trade ; if she is willing to make the terms of a new treaty more beneficial than those of the last, is it our true policy to withdraw into our shell and refuse to listen to her overtures ?

32 EXPORTS AND IMPORTS OF THE MARITIME PROVINCES.

MARITIME PROVINCES OF GREAT BRITAIN.

Let us now glance at the seacoast and turn from Canada to our commerce with the maritime Provinces.

Our intercourse with these Colonies is annually increasing. They send to us large supplies of coal, lumber, fuel, gypsum, grindstones, fish and products of the fisheries, and receive in payment our breadstuffs, some manufactures, and some foreign goods. The goods we export are more valuable than those we receive, and for several years before the treaty our exports averaged in value more than twice the value of our imports. This disparity has been reduced, but still the balance of trade is in our favor and is realized in part from drafts on England for the proceeds of ships built in the Colonies and remittances in gold, and our citizens are engaged to a considerable extent in opening coal and gold mines in these Provinces.

Imports and Exports of British Maritime Provinces of Nova Scotia, New Brunswick, Newfoundland and Prince Edwards Island, in Commerce with the United States.

DATE.	Exports to above Maritime Provinces.	Imports.	Aggregates.
1850,	\$3,116,840 00	\$1,858,922 00	\$4,475,832 00
1851,	8,224,553 00	1,736,650 00	4,961,203 00
1852,	2,650,134 00	1,520,330 00	4,170,464 00
1853,	8,398,575 00	2,672,602 00	6,071,177 00
1854,	4,693,771 00	2,208,021 00	6,899,792 00
1855,	5,855,878 00	2,954,420 00	8,810,298 00
1856,	7,519,909 00	3,222,224 00	10,742,133 00
1857,	6,911,405 00	3,882,462 00	10,743,867 00
1858,	5,975,494 00	4,224,948 00	10,200,442 00
1859,	8,829,960 00	5,518,834 00	13,848,794 00
1860,	7,502,839 00	4,989,708 00	12,392,547 00
1861,	7,138,734 00	4,417,476 00	11,551,210 00
1862,	7,369,905 00	4,046,843 00	11,416,748 00
1863,	10,198,505 00	5,207,424 00	15,405,929 00
1864,	12,823,718 00	7,947,897 00	20,276,615 00

At least ten per cent. should be added to these imports, as the Provincial manifests usually underrate the amount of shipments from the Provinces, to that extent.

The tonnage of the vessels in the trade with these Provinces arriving in the United States and clearing therefrom, in the year 1864, exhibits an amount of more than 1,600,000 tons, and their commerce with the United States during that year, as shown by exports and imports, was two-fifths of the amount of our average trade with Canada, while their population already given is less than one-third that of Canada. The vessels owned by these Provinces exceed five hundred and fifty thousand tons. Were these vessels to be withdrawn from the British marine and added to our own, we should resume our maritime supremacy, notwithstanding the reduction of more than a million of tons, by sales and losses, by the depredations of the Alabama, Sea King and other cruisers. The extensive coasts, navigation and fisheries of these Colonies, make their inhabitants familiar with the sea and they can furnish at least 30,000 seamen.

We have considered them in the aggregate, but let us now glance at them in detail and examine their revenue and commerce.

NOVA SCOTIA.

This Province, within one day's run of Boston, with its capital, Halifax, a great naval station, with the coal mines of Cape Breton annexed, and prosperous, to say nothing of recently discovered gold mines, is the most important of these maritime Provinces.

In 1862, Its tonnage was 277,708 tons.

Imports,	\$8,450,042 00
Exports,	5,646,461 00
Revenue,	730,000 00

Its seamen employed in the fisheries, were in 1861, 14,522, which is four per cent. of its entire population of 330,857.

The growth of its population from 1851 to 1861, has been $19\frac{8}{100}$ per cent.

The progress of its fisheries has been as follows:

	Vessels.	Boats.	Men.
1851,	812	5,161	10,394
1861,	900	8,816	14,322
	88	3,655	3,928

Increase of men, 38 per cent.

The fish taken in its fisheries, were—

In 1851, mackerel,	100,047	bbls.	;	herring,	153,200	bbls.
1861, " "	66,108	" "		194,170	" "	

The vessels built in this Province, were, in

1858,	16,366	tons.
1861,	23,634	"

Our merchants who are engaged in the trade with Nova Scotia, and other British Provinces, complain of the charges for lights and pilotage, and represent that owing to the standard of measurement adopted in the Provinces, our vessels, in proportion to their capacity, are expected to pay more than the Provincial vessels; that the packets and other small vessels, which run frequently from New England and New York to Provincial ports, require no pilots, but are obliged to pay for them. And that each of our vessels is required to pay light dues for a year in the Provincial ports, although it may make but a single voyage.

In our ports, no charge for lights is exacted, and it is just that this be reciprocated, and that no charge be made for pilotage to regular packets, and no charge for anchorage or transhipment to our fishermen. A portion of the shipping of Nova Scotia, is held by citizens of the Provinces, on American account, under the British flag, and intelligent merchants compute that one-seventh of the tonnage of the Provinces, is thus held for our countrymen. It is not improbable that several hundred thousand tons of United States shipping, have, during the war been registered in Great Britain and her Colonies, to reduce insurance, in addition to all that have been sold, and I would respectfully suggest to the Department, the policy of passing a special Act, allowing vessels that have been thus registered, to be registered again in the ports of the United States, upon paying a moderate duty, to be applied to the benefit of the orphans and widows of those who defended our flag. This would do no injustice to our ship-builders, and would take from the roll of England and restore to our own, a part of the tonnage of which her cruisers have deprived our nation. Would it be well to exclude such vessels and compel the owners to sell at low rates to the English, or risk their property?

The average of duties in Nova Scotia is not far from 10 per cent.

The coal mines of Nova Scotia now produce about half a million of tons annually. Two at Pictou and Sydney are held by an English company. The others, producing nearly half the coal, are held principally by citizens of the United States.

Several valuable gold mines, in which the quartz veins yield from 2 to 11 ounces per ton, are worked in this Province by citizens of the United States; some have become profitable and a half of one has been recently sold for \$500,000.

NEW BRUNSWICK.

This Province is but an extension of the State of Maine, along the Bay of Fundy.

In 1862 its Exports were	\$3,846,538 00
Exports to United States,	889,416 00
Imports,	6,199,701 00
Imports from United States,	2,690,703 00
Revenue,	668,197 00
In 1860 its vessels built	41,003 tons.
Tonnage,	158,240 "
Population,	252,047

The ships built and sold nearly sufficed to make up the difference, between exports and imports.

The duties in New Brunswick, average less than 16 per cent.*

Until a recent period there has been in this Colony a strong opposition to the union of the Provinces under one government. But this Province has been conciliated by a promise that it may draw for the general revenue a sum which will exceed \$200,000 annually, for a contract to aid a railway from the St. John River, to the line of Maine, to meet one from Bangor, one of the two links that remain to complete the chain from Halifax to Kansas and Texas.

The Province has agreed to advance \$10,000 a mile to aid this line as it passes through New Brunswick. It has also a mine of albertine, rich in mineral oil, which yields annually 15,000 to 20,000 tons and returns very large profits. This is held by our citizens.

* Letter of E. Allison, Esq., Nov. 16, 1865.

PRINCE EDWARDS ISLAND.

This fertile island derives importance from its harbors and position on the borders of the fishery for mackerel. The fleets of fishermen take in its vicinity a large proportion of their best fish; and if the United States should secure nothing else beyond the rights retained under the convention of 1818, the right to fish close to its shores, would be of great importance to our fisheries. A line of steamers is now established between this island and Boston, and large importations of fish and oats are made from it annually.

In 1861 its Population was	80,557
Imports,	\$1,046,750 00
Exports,	815,570 00
Vessels built, 8,045 tons, value,	216,500 00

Twenty-five years since a single schooner could have transported all the goods, passing between this fertile island and the United States, but now two steam packets run between it and Boston, making frequent passages through the Gut of Canso. Large shipments of oats and other produce are made to Boston and New York, and many products interchanged, and large supplies furnished our fishermen. At least half the crop of oats is shipped to England, and were we to impose heavy duties on them, the whole surplus of the Province would probably take that direction to the injury of our trade.

Doubtless, any considerable duties on oats and barley would send a large portion of those crops from Canada to Great Britain, under the decline of prices that would attend these great staples of Canada.

This fertile island was settled by the French, as a garden for their great fortress at Louisburg.

Duties 10 per cent.

NEWFOUNDLAND.

This Province has a sterile soil and brief, cloudy summer, but has for centuries been renowned for its fisheries, which comprise the cod, seal, salmon, herring and mackerel, although the two first are the principal.

Near its coast lie the Grand Banks, enveloped in almost ceaseless fogs, from the evaporation caused by the confluence of the Gulf Stream with the icebergs and ice currents of the north. Here cod abound in water 30 to 50 fathoms deep, on a bottom abounding in shellfish and frequented by small fish in great abundance. Cod are taken from boats near the shore, and herrings, early in the year are taken in vast numbers in seines, and many vessels load with them as bait for our fishermen.

In 1862 the Imports were	\$4,028,000 00
Exports,	4,684,000 00
Tonnage,	87,000
Revenue,	\$452,000 00
Population,	122,638

As early as 1517, 50 sail of vessels fished on the banks.

Duties 10 per cent.

VANCOUVER'S ISLAND.

This large and fertile island, with a soil and climate resembling that of Ireland, is situated opposite British Columbia. It has become the chief naval station of England on the Pacific coast, and occupies a position on that coast with reference to California, like that Nova Scotia holds on the Atlantic, with reference to the States of New England. Its chief city is Victoria, near the spacious harbor of Esquimault, and the principal imports from British Columbia, and the exports of its gold, are made from this city.

In Barclay Sound, a London firm manufactures annually, 20 million feet of timber; and in 1863, 22,000 tons of coal were sent to California from valuable coal mines of Nanaimo.

In 1863, the exports from Victoria to our States

on the Pacific, were	\$2,935,170 16
<hr/>	
Imports—	
From our Pacific States,	\$2,230,501 00
England,	1,432,521 00
Sandwich Islands,	113,486 00
other places on Pacific Ocean,	101,294 00
	<hr/>
	\$3,877,802 00
Tonnage entered and cleared,	93,132

BRITISH COLUMBIA.

The chief settlements and mines of this territory are in the vicinity of Frazer's River. For climate and soil it compares favorably with Scotland, and with respect to fisheries, the rivers and outlets supply abundance of salmon. Its revenue, drawn principally from mines, annually exceeds half a million of dollars.

THE BRITISH PROVINCIAL FISHERIES.

It is important for our government, when adjusting a treaty which bears on our fisheries, to learn what encouragement is given by other nations to their fisheries in the same waters. Great Britain for many years paid large bounties to her fishermen, but of late years has substituted for them what is more beneficial,—a system of light duties. The colonists of Great Britain enjoy great natural advantages. The fish are upon their coasts. Without loss of time or long voyages, like those made by the mariners of France and the United States, they can pursue their avocations upon their farms; and when wind, weather and fish invite, can launch their small boats from the shore, and return weekly and often daily to their families, and dry or pack their fish upon their own land. Great Britain has established ports for free trade upon their coasts, and duties less than one-fourth of those we have been compelled to impose.

Remissions, low duties and natural advantages confer benefits on the Provincial of twice the amount of the bounty of \$4 per ton which the United States grant to our fisheries to educate mariners.

The best estimate of the product of these Provincial fisheries which I find accessible, is the report of Arthur Harvey Esq., statistical clerk in the finance department, Quebec. It is based upon the census tables of the several Provinces for 1860 and 1861.

Value of Fish caught, 1860.

Newfoundland (principally cod,)	\$4,440,000 00
Nova Scotia (cod, mackerel, herring,)	2,562,000 00
New Brunswick (cod, mackerel, herring, alewives and hake,)	388,385 00
Prince Edwards Island (cod, herring, mackerel,)	272,532 00
Canada estimate,	700,000 00
	<hr/>
	\$8,362,917 00

The duty on most
t.

and controlled New-
the fisheries, which
ential to her power.
ions of dollars upon
century since were
ually.

law which granted
e French Ministers
to the National
of the cod-fishery,
en engaged in them
verage bounty paid
nics, equivalent to
s trains up in this
vy, who would cost
to the sea on ships

of a law to renew
; and its chairman,
es that the commis-
orts engaged in the
ission, and those of
ith the Directors of
ne and Commerce,
in the form of aids
erations of general
employments as can
ry only should not
in the fisheries and
t gave employment
dary consideration;
fisheries was not an
n of industry ; that
t a commercial but
ment of the naval
three of the most

important seas of Europe, must continue a maritime power; that treaties which had become inevitable had robbed her of her colonies; that coal belongs to the English, and cotton to the Americans; and the shipments of sugar were growing less and less.

The great fisheries still remain; on them repose our hopes; and to preserve them we must continue the encouragement we have given them, even at periods when commercial and colonial prosperity infinitely superior to that now existing multiplied our shipping and furnished abundance of seamen. That the fisheries gave employment to a great number of men, whom a laborious navigation, under climates of extreme rigor, rapidly formed to the profession of the sea.

No school can compare with it in preparing so many and so well for the services of the navy. That if the bounties on exportations were stopped, an insignificant number of vessels would be equipped; that the annual returns averaged forty-four millions kilogrammes of dry fish (or one million quintals,) of which three-eights were exported under bounties "on exportation." The law continues the bounty of 50 francs, or \$10 per man, engaged in the deep sea fisheries and establishes a bounty of 20 francs or \$4 for each French quintal of 221 lbs. avoirdupois exported to America. This is equal to \$2 per cwt.

The official tables annexed to this report, give the average number of tons of the vessels of French fishermen employed from 1842 to 1847.

	Tons.
On the coast of Newfoundland,	21,195
At St. Pierre and Miquelon,	657
At Grand Banks,	5,816
At Grand Banks without drying,	13,703
At Iceland,	7,794
Total,	49,165
Average from 1835 to 1839,	53,456

Number of vessels 1st period, 416; 2nd period, 389.

Since the passage of this law, the French fisheries have materially improved. Larger and superior vessels are used,

averaging 157 tons, or twice the size of our vessels. They carry 20 men each. France had in these fisheries,

In 1858, 492 vessels; 77,150 tons; 15,280 men.

During this year she paid in bounties, \$735,000 equal to \$9 $\frac{1}{2}$ for each ton in the trade, while our rate was but \$4 per ton.

The product of her fisheries was \$3,500,000, and she exported in that year to the United States 41,151 quintals.

The French Dictionary of Commerce published at Paris three years since, remarks that "the Americans cannot continue their fisheries against the English, and against the French aided by a bounty, without a bounty also." The increase in the French fisheries since 1851 has averaged 8 per cent. per annum.

THE UNITED STATES FISHERIES.

The importance of these fisheries has not been appreciated by the Middle and Western States, although they have rendered such important aid to our nation, both in the wars of 1776 and 1812, and more recently from 1861 to 1865, by men trained amid ice and fogs of the Gulf of St. Lawrence and upon boisterous seas to naval service.

I have adverted to the services of these trained seamen in former wars, but many of them have in the last four years evinced their ability and endurance by maintaining for years, through storm and sunshine, summer and winter, days and nights, a blockade of 3,000 miles of coast, that Great Britain considered impossible, and by the capture of 1,500 prizes. At Port Royal with wooden walls alone, they assailed and captured strong and well armed fortresses.

At New Orleans they pushed aside the fire-rafts, and with their ships festooned with chain cables, assailed successfully both forts and iron-clads.

They were among those who run the gauntlet of Vicksburg and Port Hudson, and opened the Cumberland and Tennessee Rivers, and manned the decks at Mobile, when Farragut, who fought with them in 1812 on the Essex, lashed himself to the mast.

The history of the past teaches us their value in the future. The American fisheries are not only the chief nurseries for the

mariners and petty officers of our navy, but they are the schools from which spring the most able and enterprising mates, captains and merchants who conduct the foreign commerce of the nation.

The deep sea fisheries of the United States, at the present moment, although oppressed by heavy duties; although deprived of a part of the home market,—are still alive, and their returns for 1865 exclusive of the whale fishery, are more than the whole returns of the British North American fisheries.

The tonnage engaged in the United States fisheries has been as follows:—

DATE.	Tons in the Cod Fishery.	In the Mackerel Fishery.	Aggregate.
1862,	122,863	80,596	203,459
1863,	117,290	51,019	168,309
1864,	103,742	55,494	159,236

The return of fish and oil from this tonnage for 1862 considerably exceeded fourteen million dollars—drawn from the rich pastures of the deep. We have not exact returns of the fish or oil landed on our shores, for these are not recorded in our official reports; but we have proof that in 1862 and down to the present hour the trade has paid fair profits beyond outfit, repairs, insurance and other disbursements, and that these average more than \$80 per ton for the vessels and boats in service, or more than \$18,000,000.

The aggregate produce of the French, British and United States fisheries on the coasts of America at this time, must exceed \$25,000,000, of which, about one-half belongs to the United States, and our proportion of the men in the service, averages at least 25,000. Our conclusions are drawn alike from the tonnage employed, the men required to navigate it, and the necessary expense of sailing the vessels, and from evidence taken.* The progress of the American fisheries, down to 1851,

* During the present season many Beverly fishermen have averaged more than 12½ quintals of dry fish to the ton, caught in less than 6 months. The present value of such fish exceeds \$8 the quintal.

is well recounted by W. A. Wellman, Esq., late Assistant Collector of Boston, in Senate Document, No. 112, for 1852, to which I refer.

The Treaty of 1783 expressly stipulated that the people of the United States shall continue to enjoy unmolested the right to take fish of every kind on the banks and on the coasts, and on the bays, harbors and creeks of the British dominions in America, and under its provisions the fisheries were revived and rapidly increased.

A bounty was allowed on the exportation of fish as a drawback of the duty on salt which subsequently took the form of the present allowance.

Until the embargo of 1808 fell with crushing weight upon the industry of the North, the fisheries grew rapidly.

During the embargo and the war, when bounties were discontinued, the export declined to less than \$100,000 in 1814. But the navy was manned and enabled to cope successfully with the frigates of England. The Treaty of 1814 was silent as to the fisheries and we resumed our original rights, and the bounties were renewed, but our commissioners in 1818 having imprudently renounced our right to fish within three miles of the shores, harbors and bays of Nova Scotia, New Brunswick, Cape Breton and Prince Edward Island, and the Imperial Government having subsequently undertaken to draw a line from headland to headland and exclude us from the bays of Chaleurs, Fundy and the Strait of Canso, and to seize and confiscate our vessels, our fisheries, which had gradually progressed and reached 145,000 tons, again receded and became nearly stationary from 1838, until negotiations for a treaty were commenced in 1851.

The tonnage then began to improve, and continued progressive until 1862, as appears by the following table:—

Tonnage of the United States Fisheries.

1851,	129,000	1857,	147,000
1852,	175,000	1860,	163,000
1853,	169,000	1861,	181,000
1854,	137,000	1862,	203,000
1855,	125,000	1863,	168,000
1856,	133,000	1864,	159,000

The trade culminates with the return of 203,000 tons.. It has been reduced by the high duty on salt and outfits. But aided by the high prices of the present year and increased demand it is recovering, and will, if properly sustained by Government and freed from oppressive taxes, probably again become progressive.

It suffers for the moment a temporary check from the duties on salt consumed, which have been as follows, by official returns:

DATE.	Duties on Salt Consumed in the United States, chiefly in the Fisheries.	Remissions of Duties termed Bounties.	Seamen in Fisheries.
1859,	\$190,965 00	\$426,962 00	21,758
1860,	210,331 00	458,394 00	22,641
1861,	194,300 00	467,834 00	26,575
1862,	418,084 00	429,556 00	28,048
1863,	1,211,997 00.	350,135 00	23,222
1864,	887,003 00	352,854 00	21,925

The salt consumed by the fishermen is at least 1,400 pounds per ton, and ranges from \$600,000 to \$700,000 yearly. The fisheries break in at least 5,000 new seamen annually.

The number of vessels in the fisheries has ranged, since 1850, from 2,414 to 3,815 in 1862, beside boats in the shore fisheries. Six hundred sail of these vessels have in a single season fished for mackerel in the Gulf of St. Lawrence and Bay of Chaleurs, and taken fish to the amount of \$4,500,000.* †

The change of measurement reduces the amount of tonnage in the fisheries, as most of the new vessels are clipper built, and can make the run from Boston or Gloucester in three or four days to the Strait of Canso; but its effect is not to reduce their capacity to carry, but capacity to draw bounties, and as the bounty is not well understood, I would respectfully suggest the change of its name to what it truly is, a partial drawback of

* See Appendix, page 84.

† Nearly one-fourth of our fishing fleet, with a tonnage of 40,000 to 50,000 tons, worth \$5,000,000 to \$7,000,000 annually, fish near the three mile line of the Provinces.

duties on salt and outfits, to vessels engaged in the deep sea fisheries.

This will save valuable time and prevent misapprehension.

Let us glance for a moment at the routine of the fisherman. In January he repairs his vessel. In February the fleet sail for George's Banks, where in a deep and turbulent sea they fish for cod and halibut, while a part run to the banks and shores of Newfoundland. In May, the mackerel strike the coast at Cape Henry, and the fleet divides—some vessels seek the fish off the Capes of the Delaware; some run through the Strait of Canso to the Gulf of St. Lawrence, where they fish for cod until the last of June, when many of them pursue the mackerel until the approach of winters, along the shores of Canada, Nova Scotia, and Prince Edwards Island. In November they steer towards home, while a portion have fished for cod on the banks and coast of Labrador, and a portion have found the mackerel on the coasts of Maine and Massachusetts. By December the fleet returns, the fishermen pack and divide the spoil, take a brief respite, and then prepare for the resumption of their perilous voyages. In 1851 more than 100 vessels were driven ashore in a gale, and 300 lives lost, on the coasts of Prince Edwards Island; the fleet faced the storm rather than risk detention in port for an infraction of the treaty.

In 1852, says the "Gloucester Telegraph," the mackerel taken fall short one-half from the supply of the previous year, because the vessels were obliged to keep further from the shore, and were prohibited from fishing in the Bay of Chaleurs, where full fares would have been obtained.

Many vessels pursue the cod for four or five months, to secure the bounty, and then return or follow the mackerel, and by combining both make the season profitable. All consider the perpetuation of their ancient rights to the shore fisheries as of the highest importance.

The people of Prince Edwards Island, where the best fish abound, do not object to the fisheries. Their season for agriculture is so brief and time so valuable when the fish strike their coast, that they cheerfully resign the fish to their visitors, and are happy to sell them milk, butter, vegetables and poultry. In the winter they devote themselves to ship-building.

France gives a bounty to her fisheries, to sustain her naval power.

Nature gives a bounty to the Provinces, in their proximity to the fishing grounds.

The policy of England coöperates with nature, by remitting duties on all the fisheries require. This the French term protection. This is better than bounties. And we, who have both distance and adverse influences to counteract, impose duties on hull, rigging and sails, on chains, cables and anchors, on seines, lines and fish-hooks, on tea, sugar and coffee, on nearly everything the seaman eats, drinks or wears. When these, too, were at the highest, we have, by change of measurement, reduced one-fourth the drawback we have given for the last fifty years, in the shape of a bounty or allowance of four dollars per ton, and while we diminish it to one-fourth the rate paid by France, and import her dry fish at a duty of fifty cents per quintal, after they have drawn a bounty of fourfold that amount, we continue a tax of eighteen cents per 100 pounds, or more than 200 per cent. on prime cost of salt, a most oppressive burden on our fisheries.

When we consider what the fisheries have done for our commerce and our country, and reflect how cheap and useful is the food they furnish, indispensable on certain days to Roman Catholics, and renovating to all, as Agassiz states, from the phosphorus it contains; when we reflect, too, upon the great market the fisheries furnish for the beef, pork and flour of the West, the question may well arise,—does the nation deal fairly or wisely with its fisheries? They consume at least 75,000 barrels of beef, pork and flour, annually, according to the computations of the fishermen, while the wives and children of those fishermen, doubtless, consume a much larger amount. Whether we treat or not, the duties on salt and necessaries should be remitted, and the fishermen protected.

We have thus taken a brief but comprehensive glance at the inland commerce with Canada, the trade with the maritime Provinces and the fisheries; and the question recurs, What is to be done? Are we to go back, with contiguous and growing Provinces, more populous than the United States in 1783, to a system of retaliation and restricted commerce, to ports closed as they were before 1830, except during the embargo, when Eng-

land opened them?—are we to come to blows with her for rights won by the sword in the war of the Revolution, which improvident commissioners have impaired or put in jeopardy, or shall we make a treaty? We must either risk our mackerel fishery, treat, or annex the Provinces. We may not be ready for the latter, and can offer more inducements and attractions at a future day, but we are in a strong position to negotiate. Shall we try negotiation or duties restrictive of commerce? Lord North tried restriction and coercion, and they cost him the Colonies. Let us pursue a different policy. Let us treat the Provinces as friends and patrons, as valuable customers, and if they join us let them come as friends; we desire no unwilling associates.

Thus far the Provinces, and more especially Canada, have found reciprocity teeming with benefits. It is to them eminently beneficial; without it their agriculture and commerce must languish, and their lumber, coal, fish, canals and railways probably decline in value. We can properly demand, and it seems to me they must and will grant terms that will satisfy our country. It would be most unwise for Great Britain, with \$3,000,000,000 annually afloat, on foreign voyages and in her coastwise commerce, to risk a collision with our fishermen, and the war to which it would in all probability lead, in the present state of public feeling in this country.*

NAVIGATION OF THE ST. LAWRENCE AND SHIP CANALS TO THE SEA.

There is another subject in which the West takes a deep interest, which was discussed at length before the convention at Detroit, and should command the attention of the commissioners who negotiate a treaty. In the language of the Resolution adopted unanimously by the Boards of Trade and commercial representatives of New York, Boston, Philadelphia, Baltimore, Chicago, Cincinnati, Detroit, and fifteen other large cities, "the treaty should include the free navigation of the St. Lawrence and other rivers of British North America, with such improvements of the rivers and enlargement of the canals as

* Will it be the policy of Great Britain to allow 38 millions of our people inured to war, to contrast much longer her apathy in the case of the Alabama with her alacrity in the case of the Fenians and Jamaica negroes?

shall render them adequate for the requirements of the West in communicating with the ocean."

The West, with its soil of exhaustless fertility, stimulated by the progress of art, finds all its outlets insufficient and its granaries overflowing. The enlarged canals of New York, the railways of our great seaports, prove inadequate.

It requires Lake St. Clair to be deepened and ship canals to be constructed for large steamers, to enable it to send its freight without breaking bulk, both to the Atlantic and the Gulf of Mexico.

In the discussion at Detroit the Provincials urged the importance of a direct route to Liverpool to a market, which in ordinary years absorbs breadstuffs to the amount of £26,000,000, and to a country ready with low duties to send any quantity of manufactures in exchange. Other gentlemen proposed to send flour and provisions by this route to the West Indies and South America, and receive back sugar and coffee in return. New York and Canada both favored the opening of a ship canal from the St. Lawrence into Lake Champlain; other States urged the importance of lines from Green Bay or Lake Superior to the Mississippi and the enlargement of the canal from Lake Michigan to the Mississippi.

The United States and the Provinces are alike interested in these measures, and it is respectfully suggested that they should be embraced in the treaty.

At the present time the Erie Canal admits no vessels exceeding two hundred and twenty-four tons, the St. Lawrence Canals, with small locks and ten feet water, are restricted to three hundred tons, while the Welland admits vessels of four hundred tons, drawing nine feet only.

The West, through Mr. Joy, of Detroit, asks for a depth and width sufficient for vessels of one thousand five hundred tons, of sufficient draft to navigate the ocean safely, and for such vessels twelve feet will be required. Through the six months of summer and autumn the run from Montreal can be made to Liverpool with dispatch—the distance is less than the distance from New York.

It would be reasonable to ask Great Britain to perfect that portion of the route which lies between Lake Ontario and Montreal. She ought also to be called upon to aid in deepening Lake St.

Clair, for it will benefit the commerce of both countries. She has proposed to make a ship canal from Lachine to Lake Champlain, which may be effected for three to four millions, and carry large vessels laden with the cereals and lumber of the West to Burlington and Whitehall; and such a step would induce New York to enlarge her Champlain Canal, and thus carry large steamers to the deep waters of the Hudson.

While these steps are appropriate for Canada, the United States might stipulate to aid in deepening St. Clair, in enlarging the Michigan Canal, and to build a ship canal on her own territory around the Falls of Niagara with a depth of twelve to fifteen feet and a capacity for vessels of one thousand five hundred tons. They could annually apply two or three millions to these great objects of national, and more than national importance, and in a few years they would be accomplished.

The St. Lawrence route would relieve the existing canals and railways, and the route by Lake Champlain would compete for the direct trade to Europe and supply our Eastern seaports, while the Michigan Canals would attract the commerce of the South and the West Indies. It is proper also to remark that a very valuable suggestion as to these public works has been made by one of the ministers of Canada. It is that they should be made neutral in case of war, and that all vessels and property of both nations passing through the same shall be exempt from seizure.

Provision would thus be made both for the Provinces, the West, the South and the East, and the great home market of the East is not to be forgotten.

The provincials, when presenting to the West the market of Great Britain for breadstuffs, urged as an argument for a cheap and direct route that we should meet there some competitors, and the following table was submitted by G. H. Perry, C. E., of Canada West, viz. :—

Percentage of breadstuffs imported into Great Britain from,—

Russia,	19½ per cent.
Prussia,	31½ “
Mechlenburg,	8 “
Hanse Towns,	4 “
France,	6½ “

Turkey,	5½ per cent.
Egypt,	2½ " "
United States,	7½ " "
Denmark,	11¼ " "
Other countries,	2½ " "

These prove his case, but he omitted to state that while we should divide the profits with others abroad, and find prices less than in former days, there was a home market in our Eastern and Central States where \$2,000,000,000 of domestic manufactures were exchanged for the products of agriculture, to which easy access might be had by the placid, clear and safe navigation of Lake Champlain, and the railways that radiate from Oswego and Ogdensburg, Lake Champlain and the Hudson. With these improvements made, all the Provinces and the States would be interested in the completion of the Northern Railway from Lake Superior and the Mississippi across the Red River of the North to the Pacific, and the growth of the West would still give a large traffic to the canals of New York.

The propellers on their way down the lakes would rarely take fuel for more than two or three days' consumption, and on their arrival at the ports of Montreal or New York would land there portions or the whole of their cargoes for distribution, and replace them with coal for a fortnight's steaming and freight to Europe.

Let us give the St. Lawrence a Southern outlet.*

In case the old treaty expires, there are those who desire to place heavy duties on the exports of Canada. They urge that she gave her sympathies to our foes and allowed them to organize and assail us across the frontier. That nature has interposed our country between Canada and the sea. That we should avail ourselves of our position and draw a revenue from her commerce. That her natural market was our home market, that her Provinces were nearer to the seats of our commerce and manufactures, than our Western States. That her lands, forests and mines depended for their value in our markets. That we had incurred debts to preserve the latter, and if Canada is to use them she should, like our States, contribute to the cost.

* See Appendix, page 83.

That she could easily do so, as she had access across the lakes to our canals and railways, and that under our treaty her animals and coarse grains were worth more at Kingston or Toronto, than ours at the West. That the nations of the old world coin their natural advantages into money. That Russia, France, Holland and Great Britain in her East India possessions, impose duties on the exports that they monopolize, and exact tribute from other countries.

But may it not be urged that some allowance is to be made for Colonies like Canada struggling to reach the ocean, to break the icy fetters that bind them half the year, anxious to obtain favor from England and rival the improvements of the great Republic on their borders, and to meet the interest of a debt which seemed to us immense before we had contracted our own ?

And may we not ascribe the tone of the frontiers to the emissaries of secession and the leaders of the London press ?

Would it be wise to incur the ill will of a Province whose frontier for three thousand miles borders on our own ? Would it be politic to stimulate illicit trade at a time when we require high duties to meet our engagements ?

Again, let me ask, is it desirable for us to have a Province on our borders with property depreciated and trade languishing—and should we not participate in its prosperity, if we give life to its commerce—or should we divert business from our canals and railways to a new and circuitous route across New Brunswick ? And if New England and New York lie between Canada and the sea, does not Canada lie between us and some of the States of the West ?

If the revenue of Canada now enables her to recede from her duties on our products ; if she sees that they give no commensurate benefit ; if she has inexhaustible forests and fields on our borders ; if under the guidance of England she has not yet learned to manufacture largely and is willing to exchange her staples for the products of a country like ours, more advanced in the arts ; if our manufactures bid fair soon to overtake our agriculture,—may we not profit by a fair exchange and may we not forget the errors of the past and welcome the friendship of the future. It is doubtless desirable for Canada to reach our home market and to gain a direct route, summer

and winter, to the sea, but she has open to her half the year the route of the St. Lawrence, connected by a series of canals and railways, with the lakes. And is it our policy to turn all her trade that way, or through the wilds of New Brunswick ? These are important questions.

Canada sends to us under the treaty many animals. Among these in 1863 were 19,335 horses and 21,665 cattle, and 71,000 sheep, which aided us in finishing the war.

The aggregate value of all such animals imported from Canada was last year, more than \$5,000,000, but we send her beef and pork to the amount of nearly \$2,000,000 and she exports beef to Europe.

Should we impose heavy duties on horses, sheep pelts or wool, would she not send cattle in their place ? If we tax the cattle heavily, would she send the animals across the border, or ship their beef to Great Britain and compete with our beef in the English market ?

Many of her chief products now stand upon an equipoise. We send her cheese and she sends us butter, but more than half her export of butter is to England. Two-thirds of her surplus peas and beans go to Europe less than one-third cross our lines, and the lumber we exclude by an onerous tax might meet ours in South America or the West Indies. Canada might thus suffer, but our canals, railways and commerce, would partake of her losses.

Again, we have a large manufacture of wool, which had risen from \$65,000,000 in 1860 to \$122,000,000 in 1864, requiring 152,000,000 of pounds, nearly half of which was imported, and Canada supplies us with 5,500,000 pounds of combing wool the present year, of a quality we do not produce, but which we require for our new fabrics for our mousseline delaines, alpacas and bunting.

In the recent very able address of J. L. Hayes, Esq., to the National Association of Wool Manufacturers, the above facts are stated. It is also stated: "That in 1860 we imported \$15,000,000 of worsteds, principally from England. We made only \$3,000,000. To replace the English worsteds we have absolutely no raw material and depend wholly on the Leicester and Cotswold wools of Canada." The success of the Lowell Manufacturing Company in fabricating alpaca goods from

Canada lustre wools has demonstrated that the wool does not deteriorate. The Canada wool has been found equal to the best English lustre wool imported for comparison. The free wool of Canada has been an inestimable favor to our worsted manufacturers. It does not compete with the productions of our own farmers, as we raise little more than 200,000 pounds of long wool, while Canada consumes 300,000 pounds of our clothing wool annually. It is not possible that our production of long wool can keep up with the demand. Would it be wise, while we are competing with Europe for the production of \$15,000,000 of worsteds, to check the introduction of the long and silky fleeces produced in the cold and moist climate of Canada, and send that staple abroad to aid our rivals? In four years Canada can furnish all we require for the \$15,000,000 of worsteds.

There are few of the great staples of the Provinces it would be wise to tax heavily, should the chance be afforded. It would be unwise to tax the minor articles, and most unwise to tax those which would be diverted by a duty.

The field of inquiry is limited to the great staples of the Provinces—wheat, oats, barley, coal, lumber and fish, and, possibly, horses. We may dispose at once of wheat; Canada sends us the flour of her white wheat, and annually takes in return an equivalent in the red wheat of the West, most of which she consumes. This is a fair interchange. As respects the flour "*in transitu*," each country invites to its ports for shipment to Europe.

With respect to oats, the production in Canada is immense, having risen in 1860 to thirty-eight millions of bushels; and our importation of oats from Canada was, in 1864, over nine millions of bushels. But, under our system of free trade, half the oats exported from Prince Edwards Island seek the market of Great Britain; and a duty exceeding four cents per bushel, would probably either diminish the cultivation in Canada, or send a large portion to Europe.

Barley might possibly bear a duty of five or seven cents per bushel, but a higher duty would probably send it to the still or to Europe.

The coal of Pennsylvania meets the English coal at Montreal, and our exports through the lakes, including Lake Champlain,

range from 103,000 to 171,000 tons annually, between 1861 and 1864, while we receive from Canada, annually, 100,000 to 150,000 cords of firewood. This interchange must progress with a return to specie payments, and the extension of coal railways to Rochester and Oswego. But we import coal from the Provinces, as well as export to them. Nova Scotia has extensive coal mines, once held in strict monopoly by the Duke of York. Most of them have reverted to the Province, and grants are now made to individuals, reserving royalties. Some of our own citizens are opening mines in this region to supply our home demands. The chief mines at Sydney and Pictou are within nine miles of the seacoast, and nearly free from the charges of railway transportation. The freights to the New England coast are often as low as the freights from the Chesapeake, and, in ordinary times, Provincial coal can be laid down in the seaports of New England, for five dollars per ton in specie.

It would seem as if nature had designed this region for the supply of our north-eastern coast. The coal from Nova Scotia is bituminous, and thus, differs from the coal of Pennsylvania, and is adapted for other uses, in gas-works, forges and furnaces. At least half of it is used for gas. Fifty thousand tons are annually used by one gas company, in Boston. It is used, also, to a considerable extent by the steamers which run to foreign ports.

While we place a tax on our own coal, it is doubtless just that this coal should contribute as much, or more, to our revenue; and, doubtless, a moderate duty of five or ten per cent. might be hazarded on this coal, on which we pay both cost, and a large proportion of the freight, to foreigners. The importation annually increases.

But we must not forget that if we impose a large duty, it must fall in part on the consumer; and whatever falls on the Provinces may check importation. That the Eastern States require cheap coal to impel their engines, to heat their furnaces and set their steamers in motion, as well as to meet the severity of their long winters. That if we are to compete in steam navigation with England, whose coal is nearer her ports, we must have cheap fuel. We have already resigned to her our passage money, freights, and ocean postages, to encourage packets con-

vertible into frigates, and now it is not easy to regain the ground we have lost, if we relinquish cheap fuel. Such considerations will, doubtless, prevent a heavy impost on such a necessary—which we take in payment for our breadstuffs—from shores adapted by nature to supply New England.

LUMBER.

Another article, on which we might impose duties, is lumber, which comes to us in the various shapes of timber, plank, boards, masts, spars, railway ties, laths, shingles, clapboards and saw logs. It comes principally from Canada, as New Brunswick sends most of her surplus to foreign ports, (where she competes with Maine,) and less than twenty million feet to the United States; while Canada sends us lumber to the amount of five million dollars.

An average duty of one dollar per thousand, board measure, woul add materially to our revenue, and with a less impost upon our own lumber, might enable us to raise annually, from this article, six or eight millions of dollars; as our home production was found, by the census of 1860, to exceed ninety-five millions of dollars annually.

Nature has made on the lakes and rivers of Canada an immense provision of pine, which may be easily floated to our borders, and thence to our great centres of production; and its bulk, and the rapid diminution of our home supply, would, doubtless, prevent a diversion, if we impose a moderate duty.

There are strong arguments for a moderate duty. It will fall in part on the producer. We are wasteful in the use of lumber—we expose it to moisture and quick decay in fences, walks and cellars, where hedges, stone, or brick would render more service; and if a tax checks consumption, it will keep more in reserve for the wants of the future.

There is, too, no reciprocity as to lumber, for we export little or none to the Provinces, unless it be a small amount of yellow pine and oak, for ship-building, and some staves and clear pine from the West. Mr. Skead, of Ottawa, estimates that Canada has, upon lakes and rivers, easily accessible, 287,000 square miles of pine forests, and a large supply of valuable wood; less than one-tenth of her pine forests have been cut over.

FISH.

Another subject for duty is fish, not the white fish, salmon or salmon-trout, sent fresh to market, and caught upon the lakes and rivers of the Provinces. Not the smoked salmon or herring, which come in small lots to market, or the fresh herring imported from Newfoundland for bait, but the dry cod-fish and packed mackerel, such as are the chief product of our deep sea fisheries.

France gives a bounty to her fishermen of \$2 for every quintal they send to Boston or New York. Nature gives one to the Provinces; Great Britain another, by the remission of duties. The combined effect of these, aided by the pressure of our duties on salt, enabled the Provinces to send us, in 1864, fish to the value of \$1,376,704, while France sent us the less amount of \$32,410, on which we realized a duty.

To meet the privileges of the Provinces and the bounties of France, we allow our vessels which pursue the cod-fishery for four months, a remission of duties of \$4 per ton, a remission which is reduced by the new measurement. We accompany this by duties that average more than three times the amount of our remission.

Thus do we meet the rivalry of the world in conducting our great naval school of seamen. To meet the privileges and bounties of other nations, our fishermen had their native energy and their home market left. We admit the foreigner to the latter, and now they have nothing to fall back upon but that native energy of which no one can rob them; which these amphibious men, alike at home, at sea, or on shore, have ever exhibited. Is it just to give again the great home market for fish to the Provinces, while we place a duty of fifty cents per quintal, in gold, on the French fish, and tax our own fishermen so severely? Should we not have full equivalents for admission to the home market, and should not some of these accrue to the benefit of our great college of seamen? We have never resigned our rights to fish in the Gulf of St. Lawrence, the Bays of Fundy and Chaleurs, which are not bays of shelter and repairs, and exceed six miles in width at their outlets; and our country will never resign them. The only right we have resigned is the right to fish within three miles of the coast and ports for shelter on the shores of Canada, Nova Scotia, Prince Edwards Island

and New Brunswick.' But few fish are taken within a marine league of the coast, but it will often happen that when a fleet of several hundred sail are in pursuit of a vast shoal of mackerel in the open sea, and loading their vessels, the fish will pass the invisible line, and a fleet manned by three thousand to six thousand men in close pursuit may follow. If the fish bite freely the fishermen rarely stop to measure distances. While the decks are piled up with fish there is little space to use the theodolite, and under such circumstances the claim of the Provinces of a right to confiscate the vessels for such harmless and accidental trespass is one which our country will not readily tolerate.* Such trespasses rarely injure, and the world is benefited by the addition to its food. Until we have a treaty, let the nation make reparation for injuries sustained in such cases as one gentleman makes reparation to another, if he passes his boundary in the chase, but let the nation insist that the penalty shall not exceed the offence.

Does the forbearance of the maritime Provinces to insist upon claims to the exclusive use of great arms of the sea, in which our ancestors have fished for two centuries—such as the Strait of Canso, the great Bays of Fundy and Chaleurs—or their forbearance to seize and confiscate the vessels of one-quarter of our fishing fleet, for trespasses often involuntary, entitle them to the possession of our home market, for admission to which we impose heavy taxes upon the fisheries of France? If it does, let the Provinces have a full equivalent, but if they attempt again to seize vessels five or six miles from the shore, or even nearer, dismiss the crews who sail on shares, in a state of destitution, strip the vessel, and when she is acquitted, return her to the owners, on payment of costs, with her salt melted, her lines, sails and rigging gone, and the voyage ruined, and deny redress, the fishermen and the nation have a right to demand redress.† If the treaty

* Such confiscation is not sanctioned by the modern law of nations. It was abolished by France as a punishment as far back as 1790; is pronounced an outrage on the civilized world by Chief Justice Marshall in *United States vs. Conteman*, Peters' Reports, 7, page 86, cited as law by Philmore on International Law, vol. 3, page 748. Wheaton, 595.

† The Hon. Mr. Sabine gives me such a case, occurring prior to the Reciprocity Treaty.

expires and is not renewed, I would respectfully suggest that the Government should despatch a squadron to the fishing grounds, to see that our vessels are not molested, and that our fisheries are not destroyed. If they do not, we may well expect the fishermen who have been south under Farragut, to follow the advice of General Dix, if any one attempts to haul down the American flag.

Has England suffered from the Dutch, who have for centuries caught herrings on her coast? Have the Provinces suffered loss by the occasional capture of a few fish near their shores? If they have, let the nation recognize the claims, and assume the debt, and thus sustain the treaty, but the great fact stands out in bold relief, that under the treaty of reciprocity, for the last eleven years, the fisheries have been pursued outside and inside of the three mile line, the fishermen have enjoyed all their ancient rights, and no serious claims for losses have been made public. Should we admit the fish of the Provinces, at a duty of ten per cent., they will still have a decided advantage over the fish of France, while the small duty that protects the fishermen during the period of high taxes, will aid the revenue.

If a new treaty is made, the commissioners will doubtless examine the sources of revenue to which I have adverted, but if we ask concessions we must be prepared to concede also, and approach the subject in a kind and liberal spirit; and if we can obtain the more important objects of the treaty, the extension of the free list, the safety of the fisheries, the protection of our present revenue, and the reduction of expenses on our frontier, we can afford to resign a part of the income, to whose sources I have drawn attention, and still have a treaty beneficial to all the contracting parties, although it may leave the Provinces some reasons for a still closer union.

Under our present tariff, the productions of the Provinces, now free, will be subjected to the following duties:—

Bituminous coal, per ton,	\$1 25*
Leather,	35 per cent.
Timber,	20 per cent.

* In currency, \$1.80 per ton.

Manufactures of wood,	35 per cent.
Wool worth over 32 cts. a lb.,	12 cts. per lb. and 10 per cent.
Salmon, per barrel,	\$3 00
Mackerel, per barrel,	2 00
Dry fish, per quintal,	50 cts.
Wheat, per bushel,	20 cts.
Oats, per bushel,	10 cts.
Barley, per bushel,	15 cts.
Flour, <i>ad valorem</i> ,	20 per cent.

Under such duties it is safe to predict that our commerce will rapidly diminish. The duty on dry fish is the only low duty among them. That duty is less than ten per cent. at present.

REGISTRY AND COASTING TRADE.

There is a strong desire on the part, both of Canada and the maritime Provinces, to secure admission into the coasting trade, and the privilege of registry for their vessels in the United States. We have a vast coasting trade, and an important trade around the Cape with California, and they have no equivalent of equal value to offer, but we should at least allow our own citizens who have placed their vessels under the British flag, to avoid the cruisers of the enemy, to register them again under our own, and at the present time, when we are suffering from the loss of so many vessels, and coal freights between Philadelphia and Boston have risen from \$2 to \$4.75 per ton, it is an important question, whether we might not admit, at least for a brief period, a supply of vessels from the Colonies, at a duty not exceeding \$5 per ton, without injury to the ship-builders. This would replenish our stock of vessels and alleviate the charges for coal, now selling at \$15 per ton in the ports of Maine and Massachusetts. I am not, however, prepared to recommend such a step without further consideration.

It will be difficult to adjust all pending questions without a treaty, and such a treaty should secure to us the right of imposing taxes on articles imported from the Provinces, when we impose taxes on the same articles produced at home.

The treaty, too, must be one of equivalents, so that no other nations may claim a reduction of duty under any agreement to place them on the footing of the most favored nation. If we exclude our chief importations from distant nations from the free list, and require equivalents, they will see no favor in the treaty, and the treaty might provide that any article for which such claim shall be established may be stricken from the free list.

There are a few opponents of a treaty who fear that a new treaty with the Provinces may tempt our citizens to cross the lines and establish their mills and manufactures in Canada. It is doubtless true that we at this moment tax production and locomotion most severely; that the amount of our imposts on manufactures and freight, with the state of our currency, deter our inhabitants from building ships, steamers, mills and houses, of which there is, at this moment, a great deficiency.

But the return to specie payments is already foreshadowed, and there is reason to hope that the able commissioners who have, with indefatigable industry, examined the sources of our revenue, will soon recommend the removal of all charges on production, will liberate entirely our coal and iron from internal duties, and adopt the recommendation of our President, in his late message to Congress, to remove all taxes upon railroads. If they throw, as we may well presume, half our taxes upon cotton, liquors and tobacco, and the greater portion of the residue upon the luxuries we import, if they tax licenses, stamps, petroleum, lumber, banks and dividends, the taxes upon our farms and mills will be so light, and our climate, soil and capital be found so much superior to those of the Provinces, that we shall tempt their citizens to emigrate.*

If, under the treaty, our commerce with the Provinces has, in twelve years, increased threefold, and in that commerce the tonnage arriving and departing from our ports exceeds 6,600,000 tons, if in this tonnage we have the preponderance, if our country has made rapid progress both in population and wealth, is there reason to dread the operation of a new treaty more favorable to our own productions than the treaty expiring?

* It is reported that out of 20,000 emigrants from Europe to Canada in 1865, 18,000 have come into the United States.

COMMISSIONERS.

The commissioners to negotiate a new Treaty of Reciprocity with Great Britain, should be men who are conversant with commerce, the fisheries and treaties, and men who will leave no questions for the future.

We owe to John Adams, of Massachusetts, the incorruptible patriot, the founder of our navy, the treaty of 1783, which secured the fisheries. Although his colleagues were lukewarm, he appreciated their value; and although his native State was exhausted, and owed debts that exceeded the value of her property, he told the British commissioners he would fight on until our rights were admitted. His treaty preserved them entire, as our fathers held them.

At the Treaty of Ghent, in 1814, the treaty of '83 was considered the basis of our rights—the quitclaim deed of Great Britain. Our commissioners took the ground that we should consider all the rights it granted established, and Great Britain acquiesced. But a few years afterwards Great Britain denied those original and fundamental rights we had won by the sword and treaty, which she had once abandoned, and then recognized as our own; she told us we had resigned them by the Treaty of Ghent. She molested our fishermen and denied them shelter in her ports. We were obliged to treat again. A convention was made with her by Rush and Gallatin in 1818, and to secure shelter, and under the pressure of unjust claims, they resigned our right to fish on certain shores, within three miles of the coast, inlets, harbors and bays, stipulating that we might enter those inlets, harbors and bays for shelter from storms or for repairs. For many years Great Britain acquiesced in our construction, but subsequently set up a new construction, and seized our vessels, molested our vessels, and our fisheries, instead of keeping pace with our national progress, actually declined a third, and we were thus compelled to fight or make another treaty—the Treaty of Reciprocity.

The value of our fisheries was appreciated in the early days of the Republic. The "Federalist" speaks of our three great rights—the right to the lakes, the right to the rivers, the right to the fisheries.

It has been suggested that we may regulate our intercourse with the Provinces by concurrent legislation and dispense with a treaty, and this suggestion must be treated with respect, as it might enable us to alter our duties. But how are we to legislate in concurrence with five different Provinces, each of which may repeal to-morrow the act of to-day?—Provinces whose interests are different and sometimes conflicting?—who may require months, and possibly years, for their union unless we accelerate it by refusing a treaty? One is absorbed in the fisheries, another in agriculture, another in commerce and mines, another in lumber and ship-building, while a fifth has little to do with mines, and still less with fisheries, but is devoted to canals, railways, forests and agriculture. One cares little for the three mile line which encircles some Provinces; others deem it important, and the great shoals of mackerel may cross the line of three Provinces in a day. One Province controls the mouth of the St. John, which flows through the land of Maine and Massachusetts; another the St. Lawrence. One has free ports on our borders, and no charges for lights or anchorage; others oppressive charges for lighthouses, pilotage and anchorage. With proper reservations in a new treaty we may provide for future duties, or for the termination of the treaty itself on six months' notice; and if England perseveres in her refusal to do us justice, and compels us to make reprisals on her commerce for injuries done to our own, and war ensues, it will terminate the treaty, unless we neutralize the rivers of the Provinces. If we have other questions to settle with England, will not the adjustment of one pave the way for the adjustment of all?

BRITISH TREATIES.

By the Treaties of 1783 and 1814 the boundary line was to run from the source of the St. Croix, to the north-west angle of New Brunswick, then Nova Scotia, and thence by the highlands that divide the waters running into the sea, from those that flow into the St. Lawrence.

But Great Britain subsequently discovered that these highlands came near Quebec, and a distinguished surveyor told me at Quebec in 1838, that England would never allow us to come so near their chief fortress and the great highway of

Canada. Such was the result. England could never find the north-west angle of New Brunswick, although the line between Canada and that Province was discoverable and has since been discovered, and the line running north from the sources of the St. Croix was determined, and those lines, protracted, necessarily intersect. Regardless of this, England put forth the pretension, that the Highlands we claimed severed the waters of the St. Lawrence from those of the St. John, and that it did not run into the sea, but into the Bay of Fundy, although most of the rivers of Maine pass through bays on the way to the sea.

By such constructions, by great urbanity, and our desire for peace, Lord Ashburton obtained the territory in dispute.

By this Ashburton Treaty, Maine and Massachusetts were to have the free navigation of the St. John River for their timber on its upper waters, but New Brunswick, with the express or implied sanction of Great Britain, deprived us of the right, guaranteed by treaty. She exempted, as Mr. Sabine, secretary of the Boston Board of Trade, informs me, her lumbermen from the license money previously paid on Crown lands, and in place of it imposed an export duty on American and British lumber, thus exacting a tax nearly or quite equal to the value of the British timber, as it stood in the Crown lands of the Province.

Mr. Everett urged its remission, but failed to obtain it, and on his return stated to a gentleman, from whom I receive the information, that Mr. Calhoun, of the South, then in office, instructed him to press no further for a remission. Under the Ashburton Treaty of 1841, we resigned also British Columbia, including the gold mines of Frazer's River, possibly within our lines, and Vancouver's Island, in part, south of 49 degrees—to a large part of which our right, was conclusive, and now, in construing that treaty, Great Britain wishes to deprive us of all right to the main channel and the islands between such channel and the main.

Then we made the Reciprocity Treaty. In making it we were assured that Great Britain and the Provinces were inaugurating the system of Free Trade, that the duties on our products were low, and we could pay in goods for the breadstuffs and raw material of Canada, and we in good faith executed the treaty.

It took effect March 17th, 1855, as before stated, and Canada with the implied consent of Great Britain, contrary to the understanding of the negotiators, began to raise her duties. By 1859 they were generally advanced.

Again, by this treaty the citizens of the United States were to navigate the St. Lawrence and British canals as freely as British subjects, but under this treaty, the citizens of the United States, who passed through the Welland Canal to the American ports of Oswego and Ogdensburg, have been compelled to pay ten times the tolls that are paid by the Provincials and others who passed down to the British ports of Montreal and Quebec by the canals of Canada.

Again, in the importation of foreign goods into Canada, those imported by the St. Lawrence or Grand Trunk Railway, have been charged a lower *ad valorem* duty, than those which came *via* Boston or New York.

It is to be hoped that we shall hereafter, in making treaties with the Provinces and Great Britain, cover the entire ground, and make treaties that admit of but one construction, and do our country justice.

If Great Britain desires to propitiate this country after all that has occurred, would it not be her true policy to cede to us a portion of her remote territories, valuable to us but of little value to her. Were she to cede to us Vancouver's Island, and British Columbia, so important to our Pacific coast, and so remote from England, and settled in great part by our own citizens, might she not easily bring our claims to a peaceful solution, and would not this be preferable to a specie payment or reprisals for the ravages of her cruisers. Might she not thus remove the precedent of the Alabama, so dangerous to her own commerce?

She has of late reduced her estimate of the value of foreign colonies and advised us to divide, and may she not be tempted to resign Western Columbia and a distant island, if she could thereby retain our commerce and avert the *ultima ratio regum*.

I respectfully submit this to the consideration of the Government.

Great Britain could afford to give Austria such a precedent for resigning Venice, and thus induce Europe to promote trade by reducing its standing armies. I assume, however, that Great

Britain will conclude to do us justice and will unite with the Provinces in making an equitable treaty of reciprocity, under which our seaboard States to which the Provinces send most of their animals, coal, coarse grains and timber, may pay for them as they pay for produce from our Western States, with their varied manufactures.

In conclusion allow me to suggest the policy of adopting as a basis for a new treaty with Great Britain and the Provinces, the following provisions, or as many of them as can be obtained :—

First. That neither party shall establish or maintain either in the Provinces or on the waters that flow into the Gulf of St. Lawrence, or within fifty miles of the same, any free port whatever.

Second. That each party shall make all reasonable exertions to discountenance and punish illicit trade between each of the Provinces and their vessels and the United States, by allowing no shipments except by proper manifests and documents, and with reasonable security against smuggling.

Third. That each party may impose any duties and imposts whatever upon spirits, malt, malt liquors, wines, cordials, tobacco and its products, silks, satins, laces, velvets, sugar and molasses from the sugar cane, coffee, tea, cocoa, spices, broadcloth, and cotton cloth worth more than one dollar per pound, with this proviso, that each party shall impose duties of at least sixty cents per gallon on spirits and cordials, of at least fifteen cents per pound on manufactured tobacco and tea, and four cents per pound on coffee, spices and cocoa, and two dollars per pound on silks, satins, velvets and lace, imported into either country.

Fourth. That the schedule of articles to be imported free, be changed as follows, viz : the articles of cotton, lumber, fish and coal to be taken therefrom and the additions made which are suggested in the annexed draft of a treaty.

Fifth, That specific duties of \$1 per thousand, board measure, on lumber, ten per cent. on coal and fish be imposed. That no duties exceeding twenty per cent. be imposed on any products of each country not enumerated.

Sixth, That any citizen of either country may take a patent or copy-right in the other by one process not more costly than the process here.

Seventh, That goods received in Canada, through or from the United States in original packages, shall be valued in gold for duty at the cost in the country where they were produced, as if they had come direct, and *vice versa* on importations through Canada.

Eighth, That no diminution shall be made on tolls on Canadian canals or railways in favor of vessels or goods passing between Lake Erie and points below Ogdensburg, as against parties using the Welland Canal only. That no export duties or charges of any kind be imposed on American timber from Maine, descending St. John River.

Ninth, That navigation for vessels drawing 12 to 14 feet each be secured through Lake St. Clair around the Falls of Niagara, down the St. Lawrence and into Lake Champlain, for both countries, and that the canal from Lake Michigan to the Illinois River be deepened.

Tenth, That vessels built in either country may be sold and registered in the other, on payment of a duty of five dollars per ton, for a limited period.

Eleventh, That the treaty be extended to Newfoundland, Western Columbia and Vancouver's Island.

Twelfth, And if possible, that the rights to the fisheries conceded by Treaty of 1783 and re-established by Reciprocity Treaty, be made perpetual. And if as an inducement for this treaty and in settlement of Alabama claims we can obtain a cession of Vancouver's Island or other territory, it will be a consummation most devoutly to be wished for. Such a treaty would be indeed a treaty of reciprocity; under it our exports to the Provinces would rapidly increase. The export of our manufactures, which from 1856 to 1863 dwindled, under onerous duties, from seven and one-half to one and one-half million dollars, would doubtless soon recover the ground it had lost, and a growth of eight or ten million in our exports would diminish the call for specie to balance our account and give our merchants facilities to make further purchases in the Provinces. Canada under such a treaty would doubtless prosper. Return freights from this country would reduce the freight of bread-

stuffs, the ships we should receive from the Provinces would swell our marine, instead of that of England and contribute something to the National revenue, without injustice to our own ship-builders.

Under such a treaty there would be a fair rivalry between New York and Canada for the improvement of their respective canals, and if Great Britain should aid Canada in opening ship canals from Ogdensburg to the city of Montreal and Lake Champlain, and it should be the policy of our country to carry a ship canal around the Falls of Niagara, New York might be stimulated to connect Lakes Ontario and Champlain with the Hudson by ship canals or railways like the Reading railway, with a regular descent to the deep waters of the Hudson and the Tunnel route to Boston. Should such measures be adopted we may place our trust in the advantages which climate, and open seas, and safe navigation and harbors, rarely closed by ice, give to our great seaports, and may safely rely upon the future of our country.

Most of the views taken in this Report have been confirmed since it was written by a conference with some of the most able and influential men in the Provinces, and there is no reason to doubt that a treaty can be negotiated more satisfactory than that repealed.

There is reason to believe that most of our productions may be placed on the free list, that the free ports may be discontinued, that duties imposed for revenue may be assimilated, and discriminating tolls and duties, if any now remain, be discontinued, and possibly some revenue drawn from several of the important staples of Canada. And after the conference I have held, it is but just to Canada and her ministers to say that the duties imposed by Canada may be in part ascribed to unfavorable seasons between 1856 and 1863, and to the pressure of a debt of seventy millions incurred in great part for public improvements, still unproductive, and to an extreme solicitude to develop trade and revenue proportionate to her large expenditure.

During this conference the idea of extending the treaty for another year to give time to negotiate and to avoid a collision in the fisheries was suggested. It will be difficult to have a new

treaty ratified by all the parties before the 17th of March, 1866. And I respectfully recommend that power should be given to the President to extend the Treaty of Reciprocity for a single year if Canada shall before the 1st of April next discontinue her free ports and check illicit trade by raising her duties on spirits to the point at which our Revenue Commissioners shall recommend our Government to place it, and shall repeal her duties on the articles named in the annexed draft of a treaty. Such a repeal she is disposed to make, and it would be an earnest of a better treaty.*

I submit with this Preliminary Report a series of tables, some valuable documents, and the draft of an Act for the temporary extension of the treaty.

I have the honor to be, very respectfully,

E. H. DERBY,
Commissioner of the Treasury Department.

BOSTON, Mass., Jan. 1, 1866.

* The St. Lawrence, for more than nine miles below Montreal, to a width of three hundred feet, has been deepened seven feet, at a cost estimated at less than \$1,000,000 for moving five million yards of earth. Less than one-eighth of the Lake freight goes down to Montreal. For ten years, between 1845-1855, the charge for freight from Montreal to Liverpool, averaged twice the charge from New York to the same port.

A P P E N D I X.

A N A C T

TO PROVIDE FOR THE TEMPORARY RENEWAL OF THE TREATY OF RECIPROCITY WITH GREAT BRITAIN AND THE BRITISH PROVINCES OF NORTH AMERICA.

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled: SECTION 1. That the President of the United States is hereby authorized, by and with the advice and consent of the Senate, to enter into a Treaty with the United Kingdom of Great Britain and Ireland, and with each and all of the British Provinces of North America, either severally or in their aggregate capacity, for the extension of the Treaty between said parties and the United States, to regulate the trade between said Provinces and the United States, which was ratified June 5th, 1854, for the further term of one year, from the 17th day of March, A. D. 1867, when the same shall terminate.

SECTION 2. Such extension shall not be made until the Province of Canada has repealed all duties and taxes whatever on the following products of the United States, that during such extension shall be imported into Canada, or shall be held in bond when such extension shall take effect, viz.: Salt, cars, locomotives, vehicles of all kinds, machinery, furniture, tools, implements, soap, starch, boots, shoes, leather, horse-shoes and horse-shoe nails, harnesses, tacks, brads, watches, music and musical instruments, clocks, tin and wooden ware, mousseline de laines, coarse shawls, satinets, and sheetings and shirtings worth less than one dollar per pound, and has raised her internal tax and duty on spirits to at least seventy-five cents per gallon, wine measure, and discontinued her free ports on Lakes Huron and Superior.

SECTION 3. Said Treaty for extension shall also provide that the United States may impose any internal taxes on the productions of the Provinces which they levy upon their own products of the same kind.

SECTION 4. The President of the United States is hereby authorized to appoint two persons, of suitable character and ability, commissioners or envoys, to negotiate a Treaty with said United Kingdom and with said Provinces, either jointly or severally, to regulate the commerce and

navigation between the respective territories and people of said Province and the United States, on terms reciprocally beneficial.

SECTION 5. It shall be the duty of such commissioners to provide, if possible, for the permanent security of the fisheries of the United States, to secure the free interchange of the chief products of art and manufacture, as well as the products of the forests and agriculture, and other products, between said Provinces and the United States, to secure, if possible, the discontinuance of any free ports that may endanger revenue, and the assimilation of duties or articles taxed by the two countries, and the removal of all charges for lights and compulsory pilotage, and all discriminating tolls and duties, and for improved navigation between Lake Michigan and the Mississippi around the Falls of Niagara and between Lake Ontario, Montreal and Lake Champlain.

SECTION 6. A suitable compensation for said commissioners, and for their clerk hire, office rent, and other expenses, not to exceed in the aggregate , shall be fixed and determined by the Secretary of the Treasury.

SECTION 7. All articles produced in any of the Provinces, which, under the provision of the Treaty for extension, if made, shall be freely admitted into Canada, from the United States, shall, during the year of extension, be freely admitted into the United States, from Canada, if produced in that country.

T A B L E S.

Tonnage entered inward from United States in all the Provinces of British North America.

Y E A R S .	T O N S .		
	U. States.	British.	Total.
1816,	75,807	18,878	94,185
1820, '21, '22, average,	66,029	10,464	76,593
1830,	54,633	20,755	75,388
1840,	857,073	401,876	758,749
1850,	994,808	972,927	1,967,135
1864,	1,665,494	1,446,847	3,112,541

Imports into the Provinces of British North America in different years.

DATE.	From Great Britain.	From United States.	Total.
1840,	\$15,385,166 00	\$6,100,501 00	\$21,485,667 00
1849,	11,346,334 00	8,342,520 00	19,688,854 00

Exports and Imports of the same in Commerce with the United States.

DATE.	Exports to United States.	Imports from same.
1860,	\$4,989,708 00	\$8,623,214 00
1861,	4,417,476 00	8,883,755 00
1862,	4,046,848 00	8,236,611 00
1863,	5,207,420 00	11,382,311 00
1864,	7,947,897 00	12,328,912 00

Aggregate Tonnage of the Provinces of Canada, New Brunswick, Nova Scotia, Newfoundland, and Prince Edwards Island, at various periods since 1800.

1806, tons,	71,943	1846, tons,	399,204
1830, "	176,040	1850, "	446,935
1836, "	274,738		

Tonnage of new Ships built in the above Provinces in several years since 1830.

1832, tons,	83,778	1850, tons,	112,787
1841, "	104,087	1862, "	109,212
1849, "	108,038		

Tonnage owned in Great Britain, built in the Provinces in 1847.

Built in Canada, . . . . .	. . . . .	. . . . .	. . . . .	154,930
Built in Nova Scotia, . . . . .	. . . . .	. . . . .	. . . . .	103,819
Built in New Brunswick, . . . . .	. . . . .	. . . . .	. . . . .	228,368
Built in Prince Edwards Island, . . . . .	. . . . .	. . . . .	. . . . .	56,079
Built in Newfoundland, . . . . .	. . . . .	. . . . .	. . . . .	5,631

CANADA.

DATE.	ENTRIES FROM CANADA IN THE UNITED STATES.		CLEARANCES TO CANADA FROM UNITED STATES.	
	American Tonnage.	Foreign Tonnage.	American Tonnage.	Foreign Tonnage.
1851,	1,364,390	1,047,628	906,988	770,450
1860,	2,617,276	658,036	2,678,505	896,124
1861,	1,996,892	684,879	2,025,670	731,123
1862,	2,487,373	688,411	2,398,924	742,732
1863,	2,307,233	748,136	2,181,065	987,797
1864,	1,411,913	959,049	1,429,347	1,143,609

Maritime Provinces — Commerce with United States.

DATE.	ENTRIES.		CLEARANCES.	
	American Tonnage.	Foreign Tonnage.	American Tonnage.	Foreign Tonnage.
1860,	184,062	475,051	291,812	509,430
1861,	196,709	475,051	297,172	509,928
1862,	246,821	397,702	292,449	352,391
1863,	218,251	420,961	260,280	428,662
1864,	254,281	487,908	339,901	581,304

Imports into Canada from abroad.

DATE.	By St. Lawrence.	By United States.	Total.
1850,	\$8,540,000 00	\$7,404,800 00	\$15,945,600 00

Exports from Canada.

1850,	\$7,474,496 00	\$5,813,500 00	\$13,287,896 00
-------	----------------	----------------	-----------------

Value of Breadstuffs and other Articles exported to Canada from United States, in different years.

DATE.	Breadstuffs.	Other Articles.	Aggregate.
1856,	\$3,880,098 00	\$17,003,143 00	\$20,883,241 00
1857,	3,418,066 00	13,156,849 00	16,574,895 00
1858,	4,198,282 00	13,880,972 00	17,029,254 00
1859,	3,510,638 00	15,430,154 00	18,940,792 00
1860,	2,913,189 00	11,169,975 00	14,083,114 00
1861,	5,172,588 00	9,189,270 00	14,361,858 00
1862,	5,416,853 00	7,425,651 00	12,842,504 00
1863,	9,588,390 00	10,310,828 00	19,898,718 00

In the above columns are included,—

1860, specie, . . .	\$14,444 00	1862, specie, . . .	\$2,530,297 00
1861, " . . .	863,308 00	1863, " . . .	4,651,679 00

Of above breadstuffs the following amount was exported by St. Lawrence :—

1860,	\$1,846,462 00	1862,	\$5,320,054 00
1861,	3,103,153 00		

Coarse Grains exported from Canada to the United States. From Official Returns.

DATE.	Oats, bush.	Value.	Barley, bush.	Value.
1860,	6,788,851	\$4,182,856 00	-	- - -
1861,	8,654,380	1,509,277 00	-	- - -
1862,	1,671,223	488,862 00	2,090,279	\$1,089,589 00
1863,	2,563,823	1,050,808 00	1,810,589	1,509,978 00
1864,	9,549,994	2,960,737 00	2,814,289	2,904,124 00

Value of Manufactured Articles of the United States exported to Canada, and paying duties.

1850,	\$264,451 00	1861,	\$3,501,642 00
1859,	4,185,516 00	1862,	2,596,930 00
1860,	3,548,114 00	1863,	1,510,802 00

CANADA.—*Vessels built.*

1832, tons	4,414	1859, tons	17,036
1838, "	6,916	1860, "	23,993
1841, "	20,707	1861, "	33,187
1847, "	38,489		

CANADA.—*Entries and Clearances of Ships via St. Lawrence Gulf and River. Tonnage inward and outward by sea at Quebec, for several years.*

DATE.	Inward.	Outward.	Total.
1844, tons,	451,142	453,894	905,036
1845, "	576,541	584,540	1,161,081
1846, "	568,225	574,372	1,142,597
1847, "	479,124	489,817	968,941
1848, "	452,430	457,430	909,860
1849, "	465,088	481,227	946,315
1850, "	464,804	494,821	960,625
1851, "	583,821	586,093	1,119,914

Tonnage, via St. Lawrence, to and from the Sea.

DATE.	Inward.	Outward.
1857,	748,425	731,867
1858,	613,813	632,646
1859,	641,662	640,571
1860,	831,432	821,791
1861,	1,087,128	1,058,667

CANADA.—*Imports and Exports in Commerce with the World.*

DATE.	Imports.	Exports.
1850,	\$15,945,600 00	\$13,287,996 00
1851,	24,006,028 00	11,341,728 00
1859,	33,555,161 00	24,776,981 00
1860,	34,441,621 00	34,631,890 00
1862,	48,600,683 00	31,679,045 00
1865,	44,620,469 00	42,481,151 00

Imports and Exports in Commerce with the United States.

DATE.	Imports.	Exports.
1860,	\$14,083,114 00	\$18,861,673 00
1861,	14,861,858 00	18,845,457 00
1862,	12,842,504 00	15,258,152 00
1863,	19,888,718 00	18,818,840 00
1864,	16,658,429 00	30,974,118 00

*Statement of the Tonnage on the Canals of Canada for four successive years, 1860 to 1864.**Welland Canal.*

1860, tons of freight up and down,	. . . . .	944,034
1861, " " "	. . . . .	1,020,483
1862, " " "	. . . . .	1,243,774
1863, " " "	. . . . .	1,141,120

St. Lawrence Canal.

1860, tons of freight,	. . . . .	733,596
1861, " "	. . . . .	886,900
1862, " "	. . . . .	964,894
1863, " "	. . . . .	895,183

Chambly Canal.

1860, tons of freight,	. . . . .	217,117
1861, " "	. . . . .	116,289
1862, " "	. . . . .	148,291
1863, " "	. . . . .	253,819

Tonnage by Canadian Canals.—Movement of Welland Canal.

1859, tons transported,	. . . . .	709,611
1860, tons transported,	. . . . .	944,884

Comparative tonnage of American and Canadian vessels, passing through the Welland Canal in 1863:—

3,474 American vessels, tons,	. . . . .	808,289
3,425 Canadian vessels, tons,	. . . . .	521,808

Movement on St. Lawrence Canals.

1859, tons transported,	. . . . .	631,769
1860, tons transported,	. . . . .	733,596

Tonnage by Canadian Canals—Concluded.

Receipts in Montreal, by the La Chine Canal, in 1862, were,—					
Wheat, bushels,					7,779,727
Flour, equal to bushels,					3,861,935
Indian Corn, bushels,					2,691,261
Shipped,					11,262,728

Tonnage by Grand Trunk Railroad. Average movement in transit trade, via Grand Trunk, from England to Canada, from 1854 to 1864, \$4,500,000 per annum. Estimated earnings of Grand Trunk, 1865, \$6,200,000. Cost of line, \$82,000,000.

Coal imported from Maritime Provinces into the United States.

DATE.	Tons.	Value.
1856,	120,446	\$363,671 00
1857,	133,218	396,222 00
1858,	136,783	387,710 00
1859,	122,708	372,154 00
1860,	149,279	497,359 00
1861,	204,420	702,165 00
1862,	192,544	614,057 00
1863,	282,767	757,048 00
1864,	317,500	883,779 00

Freight from Pictou to Boston has averaged not far from \$2, in gold, per ton, during 1865; less than the freight from Baltimore to Boston.

NOVA SCOTIA.

DATE.	Imports.	Exports.
1829,	\$4,730,064 00	\$2,639,093 00
1832,	7,380,509 00	4,717,387 00
1838,	6,189,531 00	4,902,989 00
1843,	4,221,163 00	3,408,782 00
1848,	4,024,882 00	2,514,100 00
1861,	7,613,227 00	5,774,534 00
1862,	8,450,042 00	5,646,461 00

PRINCE EDWARDS ISLAND.

DATE.	Imports.	Exports.
1845,	\$121,937 00	\$70,204 00
1850,	630,475 00	360,465 00
1861,	1,049,875 00	815,570 00

NEW BRUNSWICK.—*Shipping built in various years.*

1833, tons,	17,837	1846, tons,	40,270
1836, "	29,643	1847, "	53,372
1838, "	29,167	1848, "	22,793
1839, "	45,864	1849, "	36,534
1840, "	64,104	1859, "	38,330
1843, "	14,550	1861, "	40,523

Exports and Imports of the Province of New Brunswick, at different periods, in its commerce with all places.

DATE.	Imports.	Exports.
1828,	\$3,089,188 00	\$2,897,704 00
1834,	8,749,601 00	2,778,738 00
1836,	5,997,777 00	3,122,952 00
1839,	7,268,378 00	3,932,536 00
1842,	2,593,473 00	2,339,899 00
1846,	4,972,876 00	4,256,462 00
1848,	8,021,158 00	8,068,155 00
1849,	8,880,847 00	2,887,017 00
1851,	4,852,440 00	3,780,105 00
1862,	6,199,701 00	3,856,538 00

Duties, in 1850, on anchors, canvas, cordage, cables, copper bolts, seines, nets, sails, rigging and tar, one per cent. Tools, bread, biscuits, &c., ten per cent. Boots, shoes, vehicles, clocks, chairs, brooms, musical instruments, wooden ware, matches, &c., 20 per cent.

Other articles, in part free, in part under a small duty.

Exports from Newfoundland.

1763, quintals of fish,	386,274	1830, quintals of fish,	948,643
1785, "	591,276	1835, "	712,588
1705, "	600,000	1837, "	524,696
1805, "	625,919	1840, "	915,795
1815, "	1,180,661	1841, "	1,009,725
1820, "	899,729	1848, "	920,366
1825, "	973,464		

United States Vessels engaged in the Fisheries, exclusive of the Whale Fishery.

1815, tons	26,510	1845, tons	91,238
1820, "	60,812	1850, "	143,758
1825, "	70,626	1855, "	124,552
1830, "	97,500	1860, "	162,768
1835, "	137,800	1862, "	203,459
1840, "	104,300	1863, "	168,000

The vessels are sailed in shares, and all are interested in the voyage.

The owners provide vessel, tackle, stores and outfit, and receive half the fish taken; each man claims half the fish he takes.

The annual sum paid out by the owners, including payments of shares to the men, repairs and renewals, and all disbursements, are computed to exceed \$80 per ton,—and as the business makes some returns on capital, we may estimate the gross produce for 1865, as above \$14,000,000.

In 1865, vessels in the cod-fishery are estimated to average from 800 to 1,000 quintals of dry fish. In the mackerel business, from 500 to 700 barrels. Dry fish are now worth \$8 to \$9 per quintal; and mackerel \$12 to \$15 per barrel.

Number of Vessels engaged in Cod and Mackerel Fishery, as estimated at the Register's Office, Treasury Department, November, 24, 1865, by J. A. GRAHAM, Assistant-Register.

1850,	2,680	1858,	2,877
1851,	2,591	1859,	3,044
1852,	3,262	1860,	3,168
1853,	2,996	1861,	3,666
1854,	2,627	1862,	3,815
1855,	2,418	1863,	3,196
1856,	2,414	1864,	3,000
1857,	2,460		

Fish and Products of the Fisheries, imported from the Maritime Provinces into the United States.

1856,	.	.	.	\$1,935,960	1861,	.	.	.	\$1,716,813
1857,	.	.	.	1,867,259	1862,	.	.	.	1,020,208
1858,	.	.	.	1,744,704	1863,	.	.	.	908,024
1859,	.	.	.	2,150,420	1864,	.	.	.	1,376,704
1860,	.	.	.	2,116,412					

Estimate of the Fisheries of the United States for 1859, by Hon. L SABINE, Secretary of Boston Board of Trade.

The tonnage alone is official. The sea and whale are estimated on official data. The shell, lake, river, &c., rest on some well ascertained facts.

<i>Sea, as cod, hake, haddock, mackerel, halibut, pollock, and sea herring:</i> —									
Tonnage,*									175,306
Value of fish and oil,									\$6,730,000 00
Capital invested,									7,280,000 00
Tonnage, in whale fishery,									185,728
Capital invested;									\$23,850,000 00
Value of oil, bone, and sperm candles,									19,280,000 00
<i>Shell, as oyster, lobster, turtle, clam, &c., &c.,</i>									5,325,000 00
<i>Lake and River, Brook and Stream—say salmon, shad, white fish, river herring, alewives, trout, pickerel, &c., &c.</i>									2,375,000 00
Fish taken purposely for manure, value,									260,000 00

Summary of Annual Products.

Cod, &c.,									\$6,730,000 00
Whale,									19,280,000 00
Shell,									5,325,000 00
Lake, river, &c.,									2,375,000 00
For manure,									260,000 00
Total,									\$33,970,000 00

* The official tonnage is less. The difference is added for boats employed in the shore fisheries, which are neither enrolled nor licensed.

ERIE CANAL.

Tonnage arriving at tide water by Erie Canal, from the Western States: In 1840, 158,148 tons; in 1845, 304,551 tons; in 1850, 773,858 tons; in 1855, 1,092,876 tons; in 1860, 1,896,975 tons; in 1862, 2,594,837 tons.

The revenues of Erie Canal were: For 1861, \$3,402,628.30; for 1862, \$4,854,989; for 1863, \$5,042,005. Revenue of Champlain Canal, \$163,000; tonnage, 658,000.

Between 1851 and 1854, the tolls were removed from the Central Railway; and the New York and Erie, Ogdensburg, Baltimore and Ohio, Grand Trunk, and Great Western Railways were completed. The tonnage of the Central, and New York and Erie lines was, in 1862, over 3,000,000 tons, and has since greatly increased.

Length, Dimensions and Lockage of Chief Canals of Canada.

The Welland Canal, between Lakes Erie and Ontario,—Length, 28 miles; locks, 28. Fall from Lake Erie, 334 feet. Locks, 180 feet by 27 feet; depth 10 feet. Admits vessels of 400 tons, drawing 9 feet.

St. Lawrence Canals.—Length, 44 miles. Locks, 27. Ascent from Montreal to foot of Lake Ontario, 222 feet. Depth in locks, 9 feet. Admit vessels of 300 tons. Vessels drawing 20 feet water, now ascend to Montreal; but, as the depth of canals is determined by that of Lake St. Clair, which does not admit vessels drawing over 9 feet, it is proposed to deepen these canals to 10 feet, and alter dimensions of locks to 250 feet length by 50 feet width, which will admit vessels drawing 9 feet, and of capacity of 750 tons.

The Caughnawaga Canal, which it has been proposed, in Canada, to construct from the St. Lawrence to St. John, at the foot of Lake Champlain, by one route requires five locks, by another, requires but two locks, and would be 36 miles long. It was proposed to have locks 230 feet long by 36 feet wide, and 10 feet water on the sills, admitting vessels of 850 tons.

From Whitehall, at the head of Lake Champlain, to West Troy, the distance is 67 miles; the lockage, 204 feet. The locks admit small vessels only.

As the summit level is but 54 feet above Lake Champlain, the lake may possibly be used as a summit level, and there are great facilities for a ship canal. It has been estimated that \$12,000,000 will carry ship canals and navigation from the St. Lawrence to the deep waters of the Hudson.

A ship canal from the St. Lawrence to Lake Champlain has been recommended to the Canadian Government by Messrs Young and Robinson, Chief Commissioners of the Public Works; also by Mr. W. H. Merritt, in his report upon the public works of Canada, and by a nearly unanimous vote of the House of Assembly of Canada. It has been recommended, also, by the Boards of Trade of Boston, Kingston, Montreal, and other cities.

The route has been surveyed by J. B. Mills, Esq., and by Messrs. Jervis, Swift and Child, Civil Engineers.

Such are the levels that a dam in the Hudson, at the Highlands, of 150 feet in height, would send back the stream to the St. Lawrence.

The estimates of Mr. Jervis for a ship canal between the St. Lawrence and Lake Champlain, ranged from \$3,500,000 to \$4,500,000. Mr. Swift's estimate was but \$2,083,000.

BOSTON.

The commerce of Boston, affected by the Treaty of Reciprocity, exceeds \$27,000,000 annually, viz.:—Imports from and exports to maritime Provinces, \$6,000,000. Outfits and returns in deep sea fisheries, \$11,000,000. Imports of wool, grain, and animals, across frontier of Canada, and entered there, with returns, at least, \$10,000,000.

*Record of Smuggling Cases since April 1, 1865, at Detroit, Michigan.
Furnished by J. B. BROWN, Esq., U. S. Assistant District-Attorney.
December 3, 1865.*

Number of arrests made,	120
of indictments found,	94
of convictions,	38
of indictments undisposed of,	55
of acquittals,	None.
Amount of fines imposed and paid,	\$1,925 00
of costs imposed and paid,	553 80
of fines imposed, yet unpaid,	3,335 00
of fines imposed and remitted by President,	500 00
Number of libels filed,	38
Amount of personal property seized and forfeited, about	\$12,000 00

ANNEXATION.

[Extract from Speech of J. JOHNSTON, Esq., of Milwaukee, at Detroit Convention, 1865.]

There are those who think that, while the closest commercial intercourse with Canada is desirable, yet hope, by stopping that intercourse for a few years, to compel the Canadians to sue for annexation. Vain delusion! Every link between the United States and the Provinces that is severed, tends to strengthen the connection between the latter and the mother country. Annexation will never be brought about by force in matters of trade. Why, the independent existence of this great country arose from the attempts of Britain to coerce the Colonies in this very respect. No, sir, if we wish to annex the Provinces, we have to assimilate them, by unrestricted intercourse, to our habits and our manners of action and feeling—we have to Americanize them. That will assuredly be done far sooner by reciprocal trade and by Conventions like this than by non-intercourse. Every railroad that is built, every telegraph that is erected, every ship that passes between the two countries, tends to bind them closer in the bands of brotherhood.

The opponents of reciprocity tantalize us by parading the millions of revenue which we would have obtained from the articles now being imported from the Provinces, had they not been made free by the Treaty. They forget to tell us that this great trade would not have existed had it not been for the Treaty; and even had it existed, and a large revenue accrued from it, we would have been the persons who would have enjoyed the privilege of paying the duties, and not the Canadians, for it is the consumers of commodities who pay the imposts upon them. But, think you, would the people of these Northern States be more able to pay their taxes after this immense and profitable trade is destroyed than they are now?

[Extract from the Speech of Hon. JOSEPH HOWE of Nova Scotia, before Detroit Convention.]

No considerations of finance, no question of balance for or against them, upon interchanges of commodities, can have any influence upon the loyalty of the inhabitants of the British Provinces, or tend in the slightest degree to alienate the affections of the people from their country, their institutions, their government, and their Queen. There is not a loyal man in the British American Provinces, no man worthy of the name, who, whatever may happen to the Treaty, will become any the less loyal, any the less true to his country on that account. There is not a man who dare, on the abrogation of the Treaty, if such should be its fate, take the hustings and appeal to any constituency on annexation principles throughout the entire domain. The man who avows

such a sentiment will be scouted from society by his best friends. What other treatment would a man deserve who should turn traitor to his sovereign and his government, and violate, for pecuniary advantage, all obligations to the country which gave him birth? You know what you call Copperheads, and a nice life they have of it. (Laughter.) Just such a life will the man have who talks treason on the other side of the lines. (Applause.) The very boy to whom I have alluded as having fought manfully for the Stars and Stripes, would rather blow his own father's brains out than haul down the honored flag under which he has been born—the flag of his nation and of his fatherland.

[Extract from Speech of G. H. PERRY, C. E., of Ottawa, Canada West.]

The blessings which unrestricted commercial intercourse would bestow upon both nations are incalculable. As friends and neighbors, it would improve the good understanding which should exist between people having so many interests in common; and it would prove a blessing to the vast mass of the overpeopled countries of Europe.

Hostile tariffs will not produce any of those effects which the advocates of protection desire. They will not develop any of the resources of the Western States, nor will they add to the wealth or happiness of the vast mass of the people, or the prosperity of the general commerce of the country. They will not bring about the consummation so earnestly desired by your extreme politicians, of annexation.

Content with our lower political life and greater personal freedom, we leave to the aspirants after new nationalities the higher political life they covet, nor do we regret the accompanying concomitants, in our content with our own condition.

OCEAN STEAMERS.

[Extract from the Speech of DUNCAN STEWART, Esq., at Detroit.]

I consider that, with twelve feet six inches to fourteen feet water, down the St. Lawrence, it will always be more profitable to transfer at Montreal or Quebec, than attempt to cross the ocean with lake-going steamers. The reason of this is, that in reaching Quebec, they need not put on board fuel for more than a run of two hundred miles at a time, thus saving a vast amount of freight room; whereas, in crossing the ocean, they must put fuel on board for the run of twenty-five hundred miles, and a surplus to cover contingencies. It would be unwise to have that surplus less than enough to run three thousand miles. Every gentleman who has any experience in this business will see at once that it would take fifteen times more tonnage room for fuel to cross the ocean than it would take to run down

the river. In going down the river, there would be no need to have over twenty-five tons of coal on board at any one time, including the surplus, because twenty tons would be sufficient to run a screw steamer of one thousand tons cargo capacity, with a low-pressure engine, two hundred miles, leaving nine hundred and seventy-five tons for cargo and twenty-five tons for coal—only two and one-half per cent. of the carrying capacity being reserved for fuel; whereas, for the ocean voyage, it would be unsafe to leave port with less than two hundred and fifty tons of coal, or twenty-five per cent. of the carrying capacity—leaving only seven hundred and fifty tons for freight room. I think this clearly demonstrates the economy of a transfer of cargo at either Montreal or Quebec.

FISHERIES IN GULF OF ST. LAWRENCE.

[Extract from Letter of Messrs. DEAN and LAW, dated Charlottetown, P. E. I., July 3, 1865, read at Detroit Convention.]

For some years previous to the time the Reciprocity Treaty went into effect, the Americans fishing were embarrassed in consequence of the three mile limit, and the construction put upon it by Colonial officers, that it meant three miles outside of a straight line from headland to headland, which, in many localities, where the buoys were deep, would make them many miles off, and the continual harassing and capturing of our vessels—so much so as to nearly ruin the business as a whole—the tonnage engaged fast depreciating, and at the time the Treaty went into effect the fishing fleet in the Bay and Gulf of St. Lawrence was much smaller than it had been some years before. We think that, for one or two years previous to the Treaty, there could not have been more than two hundred and fifty sail of American vessels in these waters, averaging seventy-five tons each; value, three thousand dollars each, and manned by eleven men each, with an average catch of mackerel of two hundred and seventy-five barrels each; estimated value, twelve dollars per barrel, gross, and ten dollars net—Gloucester having a majority of the fleet, being most daring in the pursuance of her business. In the last two years, we think, there have been employed six hundred vessels; average tonnage, ninety each; value, five thousand dollars each, and manned by fifteen men each, with an average catch of five hundred and twenty-five barrels of mackerel; estimated value, at the time of landing, fourteen dollars and a half per barrel, gross, and twelve dollars net.

